WHEN CHINA RULES THE WORLD

THE END OF THE WESTERN WORLD AND THE BIRTH OF A NEW GLOBAL ORDER

MARTIN JACQUES

Table of Contents

Title Page
Copyright Page
Dedication
Acknowledgements

Chapter 1 - The Changing of the Guard

I - The End of the Western World

Chapter 2 - The Rise of the West
Chapter 3 - Japan - Modern But Hardly Western
Chapter 4 - China's Ignominy
Chapter 5 - Contested Modernity

II - The Age of China

Chapter 6 - China as an Economic Superpower
Chapter 7 - A Civilization-State
Chapter 8 - The Middle Kingdom Mentality
Chapter 9 - China's Own Backyard
Chapter 10 - China as a Rising Global Power
Chapter 11 - When China Rules the World
Chapter 12 - Concluding Remarks: The Eight Differences that Define China
Appendix - The Overseas Chinese
Guide to Further Reading
Select Bibliography
Notes

Permissions
Index

MARTIN JACQUES

When China Rules the World

The End of the Western World and the Birth of a New Global Order

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For Hari

My love for you knew no limits, nor has it dimmed with time.
I miss you more than words can ever say.

Acknowledgements

My interest in East Asia dates back to a visit to the region in 1993 when I also happened to meet my wife to be, Harinder Veriah, on Tioman Island, Malaysia. The idea for this book dates back to 1996. In 1997-8 contracts were signed and plans drawn up for us to be based in Hong Kong for three years. At the beginning of November 1998 we arrived in Hong Kong with our nine-week-old son, Ravi. Just fourteen months later, Hari died in the most tragic circumstances. It was five years before I could resume work on the book. I would like to thank everyone who, in their different ways, gave support and helped me survive the darkest days anyone could possibly imagine, especially Marlene Hobsbawm, Karena Ghaus, Ian Selvan, Rabindra Singh, Jasvinder Kaur, Graham Huntley, Joe Collier, Stuart Hall, Antonio Borraccino, Selvi Sandrasegaram, Paul Webster, Dhiren Norendra, Bob Tyrrell, Frances Swaine, Douglas Hague and Shariza Noordin.

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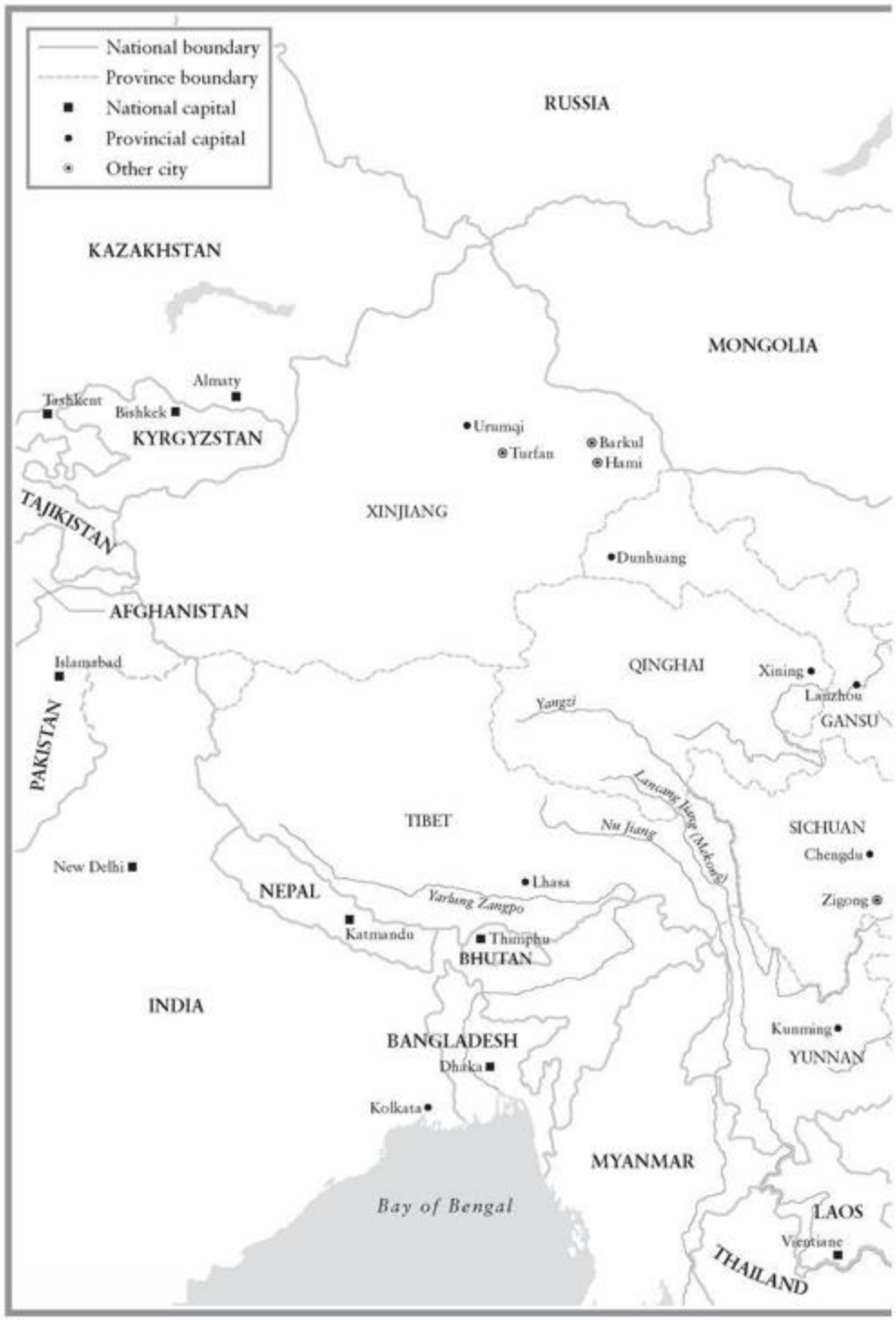
She cannot share this moment of pleasure with us. The aching emptiness of her absence stills any sense of elation.


National boundary
Province boundary
National capital
Provincial capital
Other city
RUSSIA
KAZAKHSTAN
MONGOLIA
Almaty
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Bishkek
KYRGYZSTAN
Urumqi
Turfan
Barkul
Hami
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AFGHANISTAN
Islamabad
QINGHAI
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Yangzi
GANSU
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Nu Jiang
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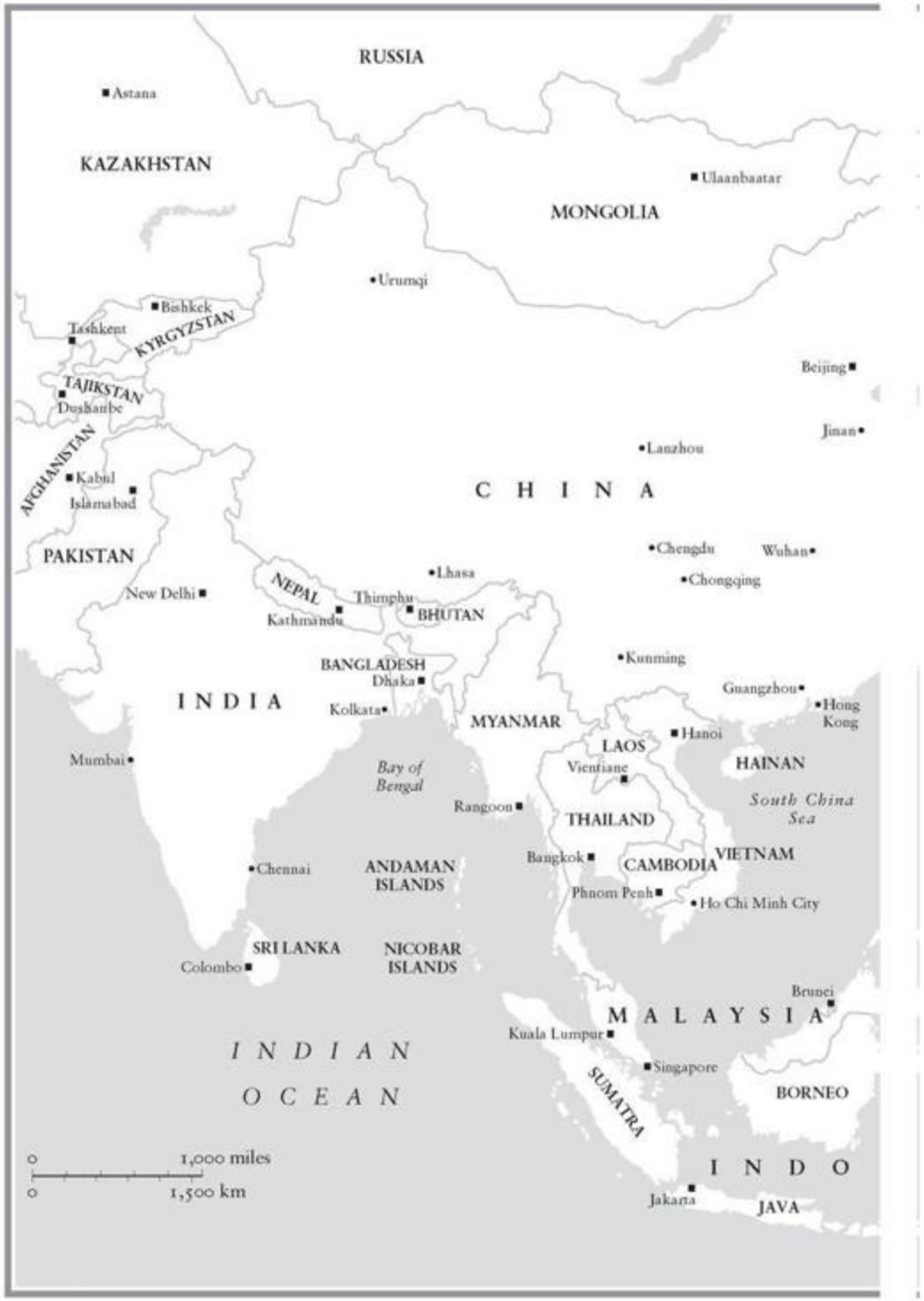
Zhuhai
Nanning
Macao
Hong Kong
Zhanjiang
Hanoi
Haikou
South China Sea
VIETNAM
HAINAN
PACIFIC OCEAN
PHILIPPINES
500 miles
800 km

Map 1. China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MYANMAR
Hanoi
LAOS
Mumbai
Bay of Bengal
Vientiane
HAINAN
South China Sea
Rangoon
THAILAND
Bangkok
CAMBODIA
VIETNAM
Chennai
ANDAMAN ISLANDS
Phnom Penh
Ho Chi Minh City
SRI LANKA
NICOBAR ISLANDS
Colombo
Brunei
M A L A Y S I A
Kuala Lumpur
I N D I A N
O C E A N
Singapore
SUMATRA
BORNEO
0 1,000 miles
0 1,500 km
I N D O
Jakarta
JAVA

Map 2. East Asia

Note on Transliteration, Names and Currency

The Pinyin system of transliteration, adopted in the People's Republic of China in the 1950s and now generally used worldwide, has been employed in this book, with the exception of some names which are most familiar in the older Wade-Giles system (for example, Sun Yat-sen and Chiang Kai-shek).

Chinese names are generally written in English style, with the family name first, except in those few cases where they are usually written in Western form with the family name second. Japanese names vary, with the family name sometimes written first (as in Japan), but where they are usually written in English with the family name second, as is often the practice, the same approach has been followed.

The Chinese currency, often known as the yuan, is referred to in this book as the renminbi.

Major Periods in Imperial China

Eastern Zhou	771–256 BC
Warring States	403–221 BC
Qin	221–206 BC
Han	206 BC–AD 220
Tang	618–907
Northern Song	960–1125
Southern Song	1127–1279
Yuan (Mongols)	1279–1368
Ming	1368–1644
Qing (Manchus)	1644–1912

1

The Changing of the Guard

Since 1945 the United States has been the world's dominant power. Even during the Cold War its economy was far more advanced than, and more than twice as large as, that of the Soviet Union, while its military capability and technological sophistication were much superior.[1] Following the Second World War, the US was the prime mover in the creation of a range of multinational and global institutions, such as the United Nations, the International Monetary Fund and NATO, which were testament to its new-found global power and authority. The collapse of the Soviet Union in 1991 greatly enhanced America's pre-eminent position, eliminating its main adversary and resulting in the territories and countries of the former Soviet bloc opening their markets and turning in many cases to the US for aid and support. Never before, not even in the heyday of the British Empire, had a nation's power enjoyed such a wide reach. The dollar became the world's preferred currency, with most trade being conducted in it and most reserves held in it. The US dominated all the key global institutions bar the UN, and enjoyed a military presence in every part of the world. Its global position seemed unassailable, and at the turn of the millennium terms like 'hyperpower' and 'unipolarity' were coined to describe what appeared to be a new and unique form of power.

The baton of pre-eminence, before being passed to the United States, had been held by Europe, especially the major European nations like Britain, France and Germany, and previously, to a much lesser extent, Spain, Portugal and the Netherlands. From the beginning of Britain's Industrial Revolution in the late eighteenth century until the mid twentieth century, Europe was to shape global history in a most profound manner. The engine of Europe's dynamism was industrialization and its mode of expansion colonial conquest. Even as Europe's position began to decline after the First World War, and precipitously after 1945, the fact that America, the new

rising power, was a product of European civilization served as a source of empathy and affinity between the Old World and the New World, giving rise to ties which found expression in the idea of the West[2] while serving to mitigate the effects of latent imperial rivalry between Britain and the United States. For over two centuries the West, first in the form of Europe and subsequently the United States, has dominated the world.

We are now witnessing an historic change which, though still relatively in its infancy, is destined to transform the world. The developed world - which for over a century has meant the West (namely, the United States, Canada, Western Europe, Australia and New Zealand) plus Japan - is rapidly being overhauled in terms of economic size by the developing world.[3] In 2001 the developed countries accounted for just over half the world's GDP, compared with around 60 per cent in 1973. It will be a long time, of course, before even the most advanced of the developing countries acquires the economic and technological sophistication of the developed, but because they collectively account for the overwhelming majority of the world's population and their economic growth rate has been rather greater than that of the developed world, their rise has already resulted in a significant shift in the balance of global economic power. There have been several contemporary illustrations of this realignment. After declining for over two decades, commodity prices began to increase around the turn of the century, driven by buoyant economic growth in the developing world, above all from China, until the onset of a global recession reversed this trend, at least in the short run.[4] Meanwhile, the stellar economic performance of the East Asian economies, with their resulting huge trade surpluses, has enormously swollen their foreign exchange reserves. A proportion of these have been invested, notably in the case of China and Singapore, in state-controlled sovereign wealth funds whose purpose is to seek profitable investments in other countries, including the West. Commodity-producing countries, notably the oil-rich states in the Middle East, have similarly invested part of their newly expanded income in such funds. Sovereign wealth funds acquired powerful new leverage as a result of the credit crunch, commanding resources which the major Western financial institutions palpably lacked.[5] The meltdown of some of Wall Street's largest financial institutions in September 2008 underlined the shift in economic power from the West, with some of the fallen giants seeking support from sovereign wealth funds and the US government stepping in to

save the mortgage titans Freddie Mac and Fannie Mae partly in order to reassure countries like China, which had invested huge sums of money in them: if they had withdrawn these, it would almost certainly have precipitated a collapse in the value of the dollar. The financial crisis has graphically illustrated the disparity between an East Asia cash-rich from decades of surpluses and a United States cash-poor following many years of deficits.

According to projections by Goldman Sachs, as shown in Figure 1, the three largest economies in the world by 2050 will be China, followed by a closely matched America and India some way behind, and then Brazil, Mexico, Russia and Indonesia.[6] Only two European countries feature in the top ten, namely the UK and Germany in ninth and tenth place respectively. Of the present G7, only four appear in the top ten. In similar forecasts, PricewaterhouseCoopers suggest that the Brazilian economy could be larger than Japan's, and that the Russian, Mexican and Indonesian economies could each be bigger than the German, French and UK economies by 2050.[7] If these projections, or something similar, are borne out in practice, then during the next four decades the world will come to look like a very different place indeed.

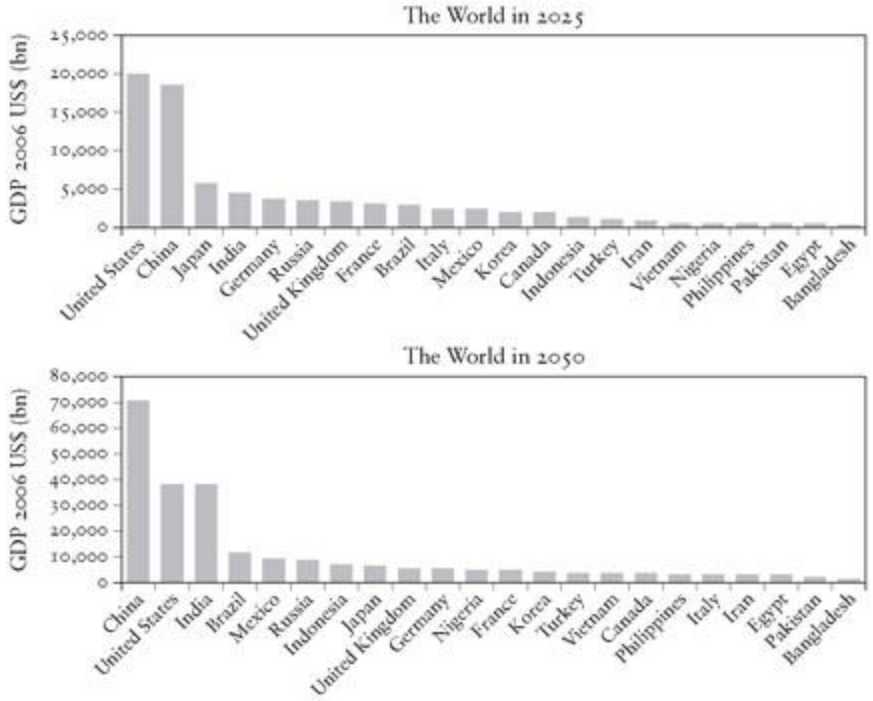


Figure 1. Projected size of national economies.

Such a scenario was far from people's minds in 2001. Following 9/11, the United States not only saw itself as the sole superpower but attempted to establish a new global role which reflected that pre-eminence. The neo-conservative think-tank Project for the New American Century, established in 1997 by, amongst others, Dick Cheney, Donald Rumsfeld and Paul Wolfowitz, adopted a statement of principles which articulated the new doctrine and helped prepare the ground for the Bush administration:

As the 20th century draws to a close, the United States stands as the world's pre-eminent power. Having led the West to victory in the Cold War, America faces an opportunity and a challenge: Does the United States have the vision to build upon the achievements of past decades? Does the United States have the resolve to shape a new century favorable to American principles and interests?[8]

In 2004 the influential neo-conservative Charles Krauthammer wrote:

On December 26, 1991, the Soviet Union died and something new was born, something utterly new - a unipolar world dominated by a single superpower unchecked by any rival and with decisive reach in every corner of the globe. This is a staggering development in history, not seen since the fall of Rome.[9]

The new century dawned with the world deeply aware of and preoccupied by the prospect of what appeared to be overwhelming American power. The neo-conservatives chose to interpret the world through the prism of the defeat of the Soviet Union and the overwhelming military superiority enjoyed by the United States, rather than in terms of the underlying trend towards economic multipolarity, which was downplayed. The new doctrine placed a premium on the importance of the United States maintaining a huge military lead over other countries in order to deter potential rivals, and on the US pursuing its own interests rather than being constrained either by its allies or international agreements.[10] In the post-

Cold War era, US military expenditure was almost as great as that of all the other nations of the world combined: never in the history of the human race has the military inequality between one nation and all others been so great.[11] The Bush presidency's foreign policy marked an important shift compared with that of previous administrations: the war on terror became the new imperative, America's relations with Western Europe were accorded reduced significance, the principle of national sovereignty was denigrated and that of regime-change affirmed,[12] culminating in the invasion of Iraq. Far from the United States presiding over a reshaping of global affairs, however, it rapidly found itself beleaguered in Iraq and enjoying less global support than at any time since 1945.[13] The exercise of overwhelming military power proved of little effect in Iraq but served to squander the reserves of soft power - in Joseph S. Nye's words, 'the attractiveness of a country's culture, political ideals and policies'[14] - that the United States had accumulated since 1945.[15] Failing to comprehend the significance of deeper economic trends, as well as misreading the situation in Iraq, the Bush administration overestimated American power and thereby overplayed its hand, with the consequence that its policies had exactly the opposite effect to that which had been intended: instead of enhancing the US's position in the world, Bush's foreign policy seriously weakened it. The neo-conservative position represented a catastrophic misreading of history.

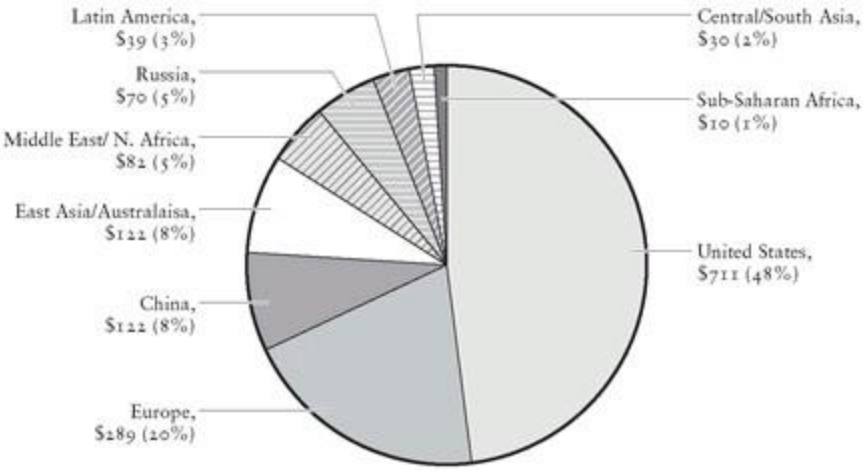


Figure 2. Global distribution of military expenditure in 2008 (billions of U.S. dollars).

Military and political power rest on economic strength. As Paul Kennedy argued in *The Rise and Fall of the Great Powers*, the ability of nations to exercise and sustain global hegemony has ultimately depended on their productive capacity.[16] America's present superpower status is a product of its rapid economic growth between 1870 and 1950 and the fact that during the second half of the twentieth century it was the world's largest and often most dynamic economy. This economic strength underpinned and made possible its astonishing political, cultural and military power from 1945 onwards. According to the economic historian Angus Maddison, the US economy accounted for 8.8 per cent of global GDP in 1870. There then followed a spectacular period of growth during which the proportion rose to 18.9 per cent in 1913 and 27.3 per cent in 1950. This was followed by a slow and steady decline to 22.1 per cent in 1973, with the figure now hovering around 20 per cent.[17] This still represents a formidable proportion, given that the US accounts for only 4.6 per cent of the world's population, but the long-run trend is unmistakable.[18] One could make a similar point in relation to Victorian Britain's imperial reach between 1850 and 1914. This was made possible because Britain accomplished the world's first industrial revolution and, as a consequence, came to enjoy a big economic lead over all other countries. Compared with the United States, however, whose share of global GDP peaked at 35 per cent in 1944 (albeit in a war-ravaged world), the highest figure for the UK was a much smaller 9 per cent in 1899. The precipitous decline of Britain as a global power over the last half century has been the predictable result of its deteriorating relative economic position, its share of global GDP having sunk to a mere 3.3 per cent by 1998.[19] If Britain took its place alongside the United States in Iraq, its military contribution was largely cosmetic. The precondition for being a hegemonic power, including the ability or otherwise to preside over a formal or informal empire, is economic strength. In the long run at least, it is a merciless measure. Notwithstanding this, imperial powers in decline are almost invariably in denial of the fact. That was the case with Britain from 1918 onwards and, to judge by the behaviour of the Bush administration (though perhaps not Obama's) - which failed to read the runes, preferring to believe that the US was about to rule the world in a new American century

when the country was actually in decline and on the eve of a world in which it would find its authority considerably diminished - the US may well make the same mistake, perhaps on a much grander scale. The financial meltdown in 2008 belatedly persuaded a growing number of American commentators that the United States might after all be in decline, but that was still a far cry from a general recognition of the extent and irreversibility of that decline and how it might diminish American power and influence in the future.

It has been estimated that the total budgetary and economic cost to the United States of the Iraq war will turn out to be around $3 trillion.[20] Even with this level of expenditure, the armed forces have come under huge strain as a result of the war. Deployments have got steadily longer and redeployments more frequent, retention rates and recruitment standards have fallen, while the army has lost many of its brightest and best, with a remorseless rise in the number of officers choosing to leave at the earliest opportunity.[21] Such has been the inordinate cost of the Iraqi occupation that, regardless of political considerations, the financial burden of any similar proposed invasion of Iran - in practice likely to be much higher - would always have been too large: for military as well as political reasons, the Bush administration was unable to seriously contemplate similar military action against Iran and North Korea, the other two members of its 'axis of evil'.[22] The United States is, thus, already beginning to face the classic problems of imperial overreach. The burden of maintaining a huge global military presence, with over 800 American bases dotted around the world, has been one of the causes of the US's enormous current account deficit, which in 2006 accounted for 6.5 per cent of US GDP.[23] In future the American economy will find it increasingly difficult to support such a military commitment.[24] The United States has ceased to be a major manufacturer or a large-scale exporter of manufactured goods, having steadily ceded that position to East Asia.[25] In recent times it has persistently been living beyond its means: the government has been spending more than it saves, households have been doing likewise, and since 1982, apart from one year, the country has been buying more from foreigners than it sells to them, with a consequent huge current account deficit and a growing volume of IOUs. Current account deficits can of course be rectified, but only by reducing growth and accepting a lower level of economic activity. Growing concern on the part of foreign institutions about these deficits led to a steady fall in the value of the dollar until 2008, and this could well be

resumed at some point, further threatening the dollar's role as the world's reserve currency and American financial power.[26] The credit rating agency Moody's warned in 2008 that the US faced the prospect within a decade of losing its top-notch triple-A credit rating, first granted to US government debt when it was assessed in 1917, unless it took radical action to curb government expenditure.[27] And this was before the financial meltdown in 2008, which, with the huge taxpayer-funded government bail-out of the financial sector, will greatly increase the size of the US national debt. This is not to suggest that, in the short run, the US will be required to reduce its military expenditure for reasons of financial restraint: indeed, given the position that the US military occupies in the national psyche, and the primary emphasis that US foreign policy has traditionally placed on military power, this seems most unlikely.[28] Being an imperial power, however, is a hugely expensive business and, peering into the future, as its relative economic power declines, the United States will no longer be able to sustain the military commitments and military superiority that it presently enjoys.[29]

A NEW KIND OF WORLD

We stand on the eve of a different kind of world, but comprehending it is difficult: we are so accustomed to dealing with the paradigms and parameters of the contemporary world that we inevitably take them for granted, believing that they are set in concrete rather than themselves being the subject of longer-run cycles of historical change. Given that American global hegemony has held sway for almost a lifetime, and that Western supremacy transcends many lifetimes, this is not surprising. We are so used to the world being Western, even American, that we have little idea what it would be like if it was not. The West, moreover, has a strong vested interest in the world being cast in its image, because this brings multifarious benefits. As a matter of course, hegemonic powers seek to project their values and institutions on to subordinate nations and the latter, in response, will, depending on circumstances, adapt or genuflect towards their ways; if they don't, hegemonic powers generally seek to impose those values and

arrangements on them, even *in extremis* by force. For reasons of both mindset and interest, therefore, the United States, and the West more generally, finds it difficult to visualize, or accept, a world that involves a major and continuing diminution in its influence.

Take globalization as an example. The dominant Western view has been that globalization is a process by which the rest of the world becomes - and should become - increasingly Westernized, with the adoption of free markets, the import of Western capital, privatization, the rule of law, human rights regimes and democratic norms.[30] Much political effort, indeed, has been expended by the West towards this end. Competition, the market and technology, meanwhile, have been powerful and parallel pressures fostering the kind of convergence and homogeneity which is visible in many developing cities around the world in the form of high-rise buildings, expressways, mobile phones, and much else. There are, however, strong countervailing forces, rooted in the specific history and culture of each society, that serve to shape indigenous institutions like the family, the government and the company and which pull in exactly the opposite direction.[31] Furthermore, as countries grow more prosperous they become increasingly self-confident about their own culture and history, and thereby less inclined to ape the West.[32] Far from being a one-way process, globalization is rather more complex: the United States may have been the single most influential player, exerting enormous power in successive rounds of global trade talks, for example, but the biggest winner has been East Asia and the greatest single beneficiary China. The process of globalization involves an unending tension between on the one hand the forces of convergence, including Western political pressure, and on the other hand the counter-trend towards divergence and indigenization.

Prior to 1960, the West and Japan enjoyed a huge economic advantage over the rest of the world, which still remained largely agrarian in character, but since then a gamut of developing countries have closed the gap with the West, especially those in East Asia. As a consequence, it is becoming increasingly difficult to distinguish between the developed world and the more advanced parts of the developing world: South Korea and Taiwan, for example, are now to be counted as developed. But as countries reach Western levels of development, do they become more like the West, or less like the West, or perhaps paradoxically a combination of the two? Clearly the pressures for convergence indicate the former but the forces of

divergence and indigenization suggest the contrary. Previously, the overarching difference between the developed and the developing world was the huge disparity in their levels of economic development. It is only with the arrival of these countries at the lower reaches of Western levels of development that the question of convergence or divergence becomes pertinent. There has been an assumption by the Western mainstream that there is only one way of being modern, which involves the adoption of Western-style institutions, values, customs and beliefs, such as the rule of law, the free market and democratic norms.[33] This, one might add, is an attitude typically held by peoples and cultures who regard themselves as more developed and more 'civilized' than others: that progress for those who are lower down on the developmental scale involves them becoming more like those who are higher up.

The significance of this debate to a world in which the developing nations are increasingly influential is far-reaching: if their end-point is similar to the West, or, to put it another way, Western-style modernity, then the new world is unlikely to be so different from the one we inhabit now, because China, India, Indonesia and Brazil, to take four examples, will differ little in their fundamental characteristics from the West. This was the future envisaged by Francis Fukuyama, who predicted that the post-Cold War world would be based on a new universalism embodying the Western principles of the free market and democracy.[34] If, on the other hand, their ways of being modern diverge significantly, even sharply, from the Western model, then a world in which they predominate is likely to look very different from the present Western-made one in which we still largely live. As I discuss in the prologue to Part I, modernity is made possible by industrialization, and until the middle of the last century this was a condition which was exclusive to a small part of the world. As a result, before the second half of the twentieth century the West enjoyed a de facto monopoly of modernity, with Japan the only exception, because these were the only countries that had experienced economic take-off. It might be argued that the Soviet Union also constituted a form of modernity, but it remained, contrary to its claims, far more backward than Western nations in terms of GDP per head, the proportion of the population living in the countryside, and its technological level. Moreover, although it was Eurasian, the USSR was always dominated by its European parts and therefore shared much of the Western tradition. Japan is a fascinating

example which I will consider at length in Chapter 3. Until the Second World War it remained a relative outsider, having commenced its industrialization in the last quarter of the nineteenth century. After 1945 Japan became a powerful economic competitor to the West, and by the 1980s it had established itself as the second largest economy behind the United States. Japan, however, always sought to assert its Western credentials and play down its political and cultural distinctiveness. Defeated in the Second World War, occupied by the United States until 1951, endowed with a constitution written by the Americans, disqualified from maintaining a significant military force (and thereby dependent on the US-Japan security pact first signed in 1951 for its defence), Japan, if not a vassal state of the Americans, certainly enjoyed an attenuated sovereignty.[35] It is this which largely explains why, although it is a highly distinctive country which culturally shares little with the West, it has nonetheless persistently sought to emphasize its Western characteristics.

With the exception of Japan, the modern world has thus until recently been exclusively Western, comprising Europe, the United States, Canada, Australia and New Zealand; in other words, Europe plus those countries to which European settlers migrated and which they subsequently conquered, or, as the economic historian Angus Maddison chooses to describe them, the ‘European offshoots’. Western modernity - or modernity as we have hitherto known it - rests, therefore, on a relatively small fragment of human experience. In every instance, that experience is either European or comes from Europe, sharing wholly or largely the cultural, political, intellectual, racial and ethnic characteristics of that continent. The narrowness, and consequent unrepresentativeness, of the Western experience is often overlooked, such has been the dominance that the West has enjoyed over the last two centuries. But as other countries, with very different cultures and histories, and contrasting civilizational inheritances, embark on the process of modernization, the particularism and exceptionalism of the Western experience will become increasingly apparent. In historical terms, we are still at the very beginning of this process. It was only in the late 1950s that the first Asian tigers - South Korea, Taiwan, Hong Kong and Singapore - began their economic take-offs, to be joined in the 1970s by Malaysia, Thailand, Indonesia and others, followed by China.[36] And what was once more or less confined to East Asia - by which I mean Japan, China, Taiwan, Hong Kong and South Korea in North-East Asia, and

countries like the Philippines, Malaysia, Indonesia, Thailand and Vietnam in South-East Asia - has more recently spread to other regions and continents, most notably India. In 1950 the US GDP was almost three times that of East Asia and almost twice that of Asia. By 2001 US GDP was only two-thirds that of Asia, and rather less than that of East Asia.[37] In Part I, I will discuss more fully the nature of modernity, arguing that rather than there being a single way of being modern, we are witnessing the birth of a world of multiple and competing modernities. This will be a quite new and novel feature of the twenty-first century, ushering in an era of what I characterize as contested modernity.[38]

Although we are witnessing the rise of a growing number of developing countries, China is by far the most important economically. It is the bearer and driver of the new world, with which it enjoys an increasingly hegemonic relationship, its tentacles having stretched across East Asia, Central Asia, South Asia, Latin America and Africa in little more than a decade. China is very different from earlier Asian tigers like South Korea and Taiwan. Unlike the latter, it has never been a vassal state of the United States;[39] furthermore, it enjoys a huge population, with all that this implies. The challenge represented by China's rise is, as a consequence, on a different scale to that of the other Asian tigers. Nonetheless, the consensus in the West, at least up until very recently, has been that China will eventually end up - as a result of its modernization, or as a precondition for it, or a combination of the two - as a Western-style country. American policy towards China over the last three decades has been informed by this belief. It has underpinned America's willingness to cooperate with China, open its markets to Chinese exports, agree to its admission to the World Trade Organization (WTO) and allow it to become an increasingly fully-fledged member of the international community.[40]

The mainstream Western attitude has held that, in its fundamentals, the world will be relatively little changed by China's rise. This is based on three key assumptions: that China's challenge will be primarily economic in nature; that China will in due course become a typical Western nation; and that the international system will remain broadly as it now is, with China acquiescing in the status quo and becoming a compliant member of the international community. Each of these assumptions is misconceived. The rise of China will change the world in the most profound ways.

The effects of China's economic rise are being felt around the world, most notably in the falling price of many consumer products and the rise, until the credit crunch, in commodity prices. With a population four times the size of that of the United States and a double-digit growth rate, Goldman Sachs has projected that in 2027 China will overtake the United States as the world's largest economy,[41] although even then China will still be at the relatively early stages of its transformation into a modern economy. Breathtaking as these economic forecasts are, why should we assume that the effects of China's rise will be primarily economic in nature? Rising powers in time invariably use their new-found economic strength for wider political, cultural and military ends. That is what being a hegemonic power involves, and China will surely become one. The West, however, finds it difficult to imagine such a scenario. Having been hegemonic for so long, the West has, for the most part, become imprisoned within its own assumptions, unable to see the world other than in terms of itself. Progress is invariably defined in terms of degrees of Westernization, with the consequence that the West must always occupy the summit of human development since by definition it is the most Western, while the progress of others is measured by the extent of their Westernization. Political and cultural differences are seen as symptoms of backwardness which will steadily disappear with economic modernization. It is inconceivable, however, that China will become a Western-style nation in the manner to which we are accustomed. China is the product of a history and culture which has little or nothing in common with that of the West. It is only by discounting the effects of history and culture and reducing the world to a matter of economics and technology that it is possible to conclude that China will become Western.

As Chapter 5 will show, it is striking how relatively little East Asia has, in fact, been Westernized, notwithstanding the effects of a century or more of European colonization followed by a half-century of American ascendancy in the region. If that is true of East Asia as a whole, it is even truer of China. There are four key themes, each rooted in Chinese history, which mark China as distinct from the West and which, far from being of diminishing significance, are likely to exercise an increasing influence over how China both sees itself and also conceives of its place and role in the world. These form the subject matter of the second part of the book, but as a taster I can outline them in brief as follows.

In the first place, China should not be seen primarily as a nation-state, even though that is how it presently describes itself and how it is seen by others. China has existed within roughly its present borders for almost two thousand years and only over the last century has it come to regard itself as a nation-state. The identity of the Chinese was formed before China assumed the status of a nation-state, unlike in the West, where the identity of people, in both Europe and the United States, is largely expressed in terms of the nation-state. The Chinese, in constantly making reference to what they describe as their 5,000-year history, are aware that what defines them is not a sense of nationhood but of civilization. In this context, China should not primarily be seen as a nation-state but rather as a civilization-state. The implications of this are far-reaching: it is simply not possible to regard China as like, or equivalent to, any other state. I will explore this question more fully during the course of the book, especially in Chapter 7.

Likewise, China has a different conception of race to that held by the other most populous nations, notably India, Indonesia and the United States, which acknowledge, in varying degrees, that they are intrinsically multiracial in character. It is self-evident that a country as vast as China, comprising a fifth of the world's population, was originally composed of a huge diversity of races. Yet the Han Chinese, who account for around 92 per cent of the population, believe that they comprise one race. The explanation for this lies in the unique longevity of Chinese civilization, which has engendered a strong sense of unity and common identity while also, over a period of thousands of years, enabling a mixing and melding of a multitude of diverse races. There is also an ideological component to the Chinese attitude towards race: at the end of the nineteenth century, as the dynastic state found itself increasingly beleaguered in the face of the European, American and Japanese occupying powers, the term 'Han Chinese' acquired widespread popularity as part of a nationalist reaction against both the invaders and also the Manchu character of the Qing dynasty. But in practice this is a far less influential factor than the effects of China's long history. Race is rarely paid the attention it deserves in political and cultural writing, but attitudes towards race and ethnicity are integral to understanding all societies. As I demonstrate in Chapter 8, they shape and define how the Chinese see the non-Chinese, whether within China or the rest of the world. The Chinese attitude towards difference will be a powerful factor in determining how China behaves as a global power.

Until little more than a century ago, China's hinterland - what we know today as East Asia - was organized on the basis of tributary relationships which involved neighbouring states acknowledging China's cultural superiority and its overwhelming power by paying tribute to the Middle Kingdom (which is the Mandarin Chinese name for China, namely *Zhōngguó*) in return for benevolence and protection. The tributary system, as it was known, fell victim to the colonization of East Asia by the European powers, and was replaced by the Westphalian nation-state system. Is it possible that the tributary system could return to the region? China, as before, is set to economically dwarf the rest of the region. The Europeans have long since departed East Asia, while the American position is progressively weakening. It should not be taken for granted that the interstate system that prevails in the region will continue to be a version of the Westphalian. If, with the rise of China, we are entering a different world, then that is even truer of East Asia, which is already in the process of being reconfigured in terms of a renascent China. I consider the nature of the tributary state system, past and possible future, in Chapter 9.

Finally, the most single important characteristic of China concerns its unity. In the aftermath of the Tiananmen Square repression it was widely believed in the West that China would fracture in a manner similar to the Soviet Union. This was based on a fundamental misreading of China. The latter has occupied roughly similar territory - certainly in terms of where the great majority of the population live - for almost two millennia. When the Roman Empire was in the process of fragmenting into many smaller states, China was moving in the opposite direction, acquiring a unity which has, despite long periods of Balkanization, lasted until the present. The result is a single country that is home to a huge slice of humanity. This profoundly affects how it sees the rest of the world as well as providing it with - potentially at least - exceptional power. The sheer size of China defines it as different from all other countries, bar India. The nature and ramifications of China's unity are considered at various stages in the book, notably in Chapters 4, 7, 8 and 11.

It is obvious from the profundity of these four points - civilization-state, race, tributary state, and unity - let alone many others that I will consider during the course of the book - that China has enjoyed a quite different history to that of the West. Countries invariably see the world in terms of their own experience. As they become hegemonic powers - as China will -

they seek to shape the world in the light of their own values and priorities. It is banal, therefore, to believe that China's influence on the world will be mainly and overwhelmingly economic: on the contrary, its political and cultural effects are likely to be at least as far-reaching. The underlying argument of the book is that China's impact on the world will be as great as that of the United States over the last century, probably far greater.

This brings us to the question of whether, in the long run, China will accept the international system as presently constituted or seek a fundamental change in that system. It is an impossible question to answer with any certainty because we are still at such an early stage of China's rise. Since 1978 China has progressively sought to become a fully-fledged member of the international community and has gone to considerable lengths to reassure the West that it is a 'responsible power', as it likes to describe itself. John Ikenberry, an influential American writer on international relations, has argued that:

The postwar Western order is historically unique. Any international order dominated by a powerful state is based on a mix of coercion and consent, but the US-led order is distinctive in that it has been more liberal than imperial - and so unusually accessible, legitimate, and durable. Its rules and institutions are rooted in, and thus reinforced by, the evolving global forces of democracy and capitalism. It is expansive, with a wide and widening array of participants and stakeholders. It is capable of generating tremendous economic growth and power while also signalling restraint - all of which make it hard to overturn and easy to join.[42]

Ikenberry argues that the present American-created international order has the potential to integrate and absorb China rather than instead being replaced in the long run by a Chinese-led order. This is a crucial barometer of what the rise of China might mean. Hitherto, the arrival of a new global hegemon has ushered in a major change in the international order, as was the case with both Britain and then the United States. Given that China promises to be so inordinately powerful and different, it is difficult to resist the idea that in time its rise will herald the birth of a new international order. It is a question I will return to towards the end of the book.

I

The End of the Western World

Until the second half of the eighteenth century, life was conceived of largely in terms of the past. The present was seen as no more than the latest version of what had gone before. Similarly, the future, rather than being a separate and distinct idea, was regarded as a repetition or re-creation of the past. In a world in which the overwhelming majority worked on the land and where change was glacial, this is understandable. Material circumstance and daily experience complemented a philosophy and religious belief that reproduced and venerated the past. The values that counted - in everyday life, art, literature - were those of experience, age, wisdom, hierarchy and tradition. Change was acceptable and legitimate as long as it did not threaten the cherished ideas of the past. Even the Renaissance and the Reformation, two great efflorescences of European life, were, as their names suggest, couched in terms of the past, despite the fact that they contained much that was forward-looking and novel.[1] Scholars of Renaissance Europe believed that the learning of classical antiquity was being restored even while they were busy transforming the very manner in which people understood history.[2] From the sixteenth century, this retrospective way of thinking gradually began to subside, not just in Europe but also in China, India, Japan and the Islamic world, though the process has been best chronicled in Europe. The growth of scientific knowledge, the expanding influence of the scientific method, the spread of secularism, and the burgeoning importance of the market and commerce slowly eroded the idea that the present and the future were little more than replays of the past.

From the late eighteenth century, a fundamentally different outlook began to take root with the arrival of modernity. Instead of the present being lived as the past, it became increasingly orientated towards the future. From change being seen as so many variants of the past, it acquired a quite new power and promise as a way of making a different future. A new set of

words and concepts became the bearers of the values that were intrinsic to modernity: progress, change, modernization, reason, enlightenment, development and emancipation. There was growing conflict between these attitudes and those - such as tradition, custom, heritage, experience and conservative - associated with the old modes of thinking. The modernity-tradition divide became a new central organizing principle of social life.

The coming of modernity cannot be considered in neat chronological terms like the reign of a king, or the period of a dynasty, or the duration of a war, or (though with less precision) the boundaries of an industrial revolution. Its inception cannot be given a date, only a period; while there appears, as yet at least, to be no obvious end but more a process akin to perpetual motion. It was the onset of industrialization that marked the arrival and diffusion of modernity and, rather like the ever-expanding universe, modernity has relentlessly kept on moving ever since. According to Göran Therborn, modernity marked the arrival of ‘an epoch turned to the future’.[3] Christopher Bayly argues that modernity should be seen as an open-ended process, ‘which began at the end of the eighteenth century and has continued up to the present day’.[4] If modernity was a novelty at the time of the British Industrial Revolution, it has since become a compelling and seemingly omnipotent narrative, sweeping all before it, with the ‘new’ exercising a magnetic attraction on the popular imagination from North America to Europe, from China to Japan. The extent to which so many contemporary conflicts are fought out between ‘progressive’ on the one hand and ‘conservative’ or ‘traditional ist’ on the other underlines the degree to which the language of modernity has insinuated itself into the bloodstream of societies.

The decisive moment for modernity was, and remains, economic take-off and the coming of industrialization. This is when the new mentality - the orientation towards change and uncertainty, the belief that the future will be different from the past - slowly moves from being the preserve of a few elites to eventually infecting the psyche of the entire population. The locus of economic activity shifts from the field to the factory, and that of residence from the countryside to the cities. Every aspect of human life is progressively transformed: living standards, family structure, working conditions, skills and knowledge, self-organization, political representation, the relationship with the natural environment, the idea of time, and the perception of human existence. Like modernity itself, and as its key driver,

the industrial revolution unleashed a process of economic transformation which continues unabated to this day.[5]

Even though one can trace some of the origins of the modern in Europe back to the sixteenth century, the decisive period of change was the nineteenth century, when industrialization swept across north-west Europe, the economic power of European nations was transformed, the modern nation-state was born, and virtually the entire world was brought into a global system dominated by Europe. The merging of all these trends marked a qualitative shift in human organization. This was the period when modernity began to acquire a global reach, and people aspired to be modern and to think of themselves as modern - from dress and ways of being named to the possession of objects like fob watches and umbrellas - not only in Europe and North America, but also even amongst elite groups, though not amongst the masses (with the exception of Japan), in Asia and Africa.[6]

This process has been gathering speed ever since. By previous standards, Britain's Industrial Revolution between 1780 and 1840 was breathtakingly rapid, but, when judged by later examples, especially those of the Asian tigers, it was, paradoxically, extremely slow. Each successive economic take-off has got faster and faster, the process of modernization, with its attendant urbanization and rapid decline in agrarian employment, steadily accelerating. Although Europe has, in the debates about post-modernity, recently expressed qualms about modernity, seen from a global perspective, it is abundantly clear - as it sweeps across the Asian continent, home to 60 per cent of the world's population - that the insatiable desire for modernity is still the dominant force of our time; far more, in fact, than ever before. Europe's confidence and belief in the future may have dimmed compared with that of Victorian Britain, but the United States is still restlessly committed to notions of progress and the future. And if one wants to understand what 'the embrace of the future' means in practice, then there is no better vantage point than China.

Europe was the birthplace of modernity. As its tentacles stretched around the globe during the course of the two centuries after 1750, so its ideas, institutions, values, religion, languages, ideologies, customs and armies left a huge and indelible imprint on the rest of the world. Modernity and Europe became inseparable, seemingly fused, the one inconceivable without the other: they appeared synonymous. But though modernity was conceived in Europe, there is nothing intrinsically European about it: apart from an

accident of birth it had, and has, no special connection to that continent and its civilization. Over the last half-century, as modernity has taken root in East Asia, it has drawn on the experience of European - or, more precisely, Western - modernity. However, rather than simply being clones of it, East Asian modernities are highly distinctive, spawning institutions, customs, values and ideologies shaped by their own histories and cultures. In Part I, I will explore how modernity came to be indelibly associated with Europe, and more broadly the West, and how East Asia is now in the process of prising that relationship apart.

2

The Rise of the West

By the mid nineteenth century, European supremacy over East Asia had been clearly established, most graphically in Britain's defeat of China in the First Opium War in 1839- 42. But when did it start? There is a temptation to date it from considerably earlier. Part of the reason for this, perhaps, is that China's history after the Ming dynasty (1368-1644), and especially after the genius of the Song dynasty (960-1279), was to blaze an altogether less innovative trail. Writing of the Qing dynasty (1644-1912), for example, the historian David Landes suggests that: 'China had long slipped into technological and scientific torpor, coasting along on previous gains and losing speed as talent yielded to gentility.' As a result, he argues: 'So the years passed and the decades and the centuries. Europe left China far behind.'[1]

As China disappointed compared with its previous record, Europe, on the other hand, grew steadily more dynamic. From around 1400, parts of it began to display steady economic growth, while the intellectual ferment of the Renaissance provided some of the foundations for its later scientific and industrial revolutions. The longer-term significance of these developments, though, has probably been exaggerated by what might be described as hindsight thinking: the belief that because of the dazzling success and extraordinary domination of Europe from the beginning of the nineteenth century, the roots of that success must date back rather longer than they actually did. The result has been a tendency - by no means universal - to believe that Europe's lead over China, and China's own decline, commenced rather earlier than was in fact the case.[2]

The idea that Europe enjoyed a comfortable lead over China and Japan in 1800 has been subject to growing challenge by historians. Kaoru Sugihara has argued that, far from going into decline after 1600, over the course of the next three centuries there was an 'East Asian miracle' based on the

intensive use of labour and market-based growth - which he describes as an ‘industri ous revolution’ - that was comparable as an economic achievement to the subsequent ‘European miracle’ of industrialization. He shows that Japanese agriculture displayed a strong capacity for innovation long before the Meiji Restoration in 1868, with major improvements in crops and productivity helping to support a growing population.[3] It is clear, as Adam Smith pointed out, that in the late eighteenth century China enjoyed a rather more developed and sophisticated market than Europe.[4] The share of the Chinese harvest that was marketed over long distances, for example, was considerably higher than in Europe. A key reason for the early development of the market in China was the absence of feudalism. In medieval Europe the serf was bound to the land and could neither leave it nor dispose of it, whereas the Chinese peasant, both legally and in reality, was free, provided he had the wherewithal, to buy and sell land and the produce of that land.[5]

In 1800 China was at least as urbanized as Western Europe, while it has been estimated that 22 per cent of Japan’s eighteenth-century population lived in cities compared with 10-15 per cent in Western Europe. Nor did Western Europe enjoy a decisive advantage over China and Japan before 1800 in terms of capital stock or economic institutions, with plenty of Chinese companies being organized along joint-stock lines. Even in technology, there appears to have been little to choose between Europe and China, and in some fields, like irrigation, textile weaving and dyeing, medicine and porcelain manufacture, the Europeans were behind. China had long used textile machines that differed in only one key detail from the spinning jenny and the flying shuttle which were to power Britain’s textile-led Industrial Revolution. China had long been familiar with the steam engine and had developed various versions of it; compared with James Watt’s subsequent invention, the piston needed to turn the wheel rather than the other way round.[6] What is certainly true, however, is that once Britain embarked on its Industrial Revolution, investment in capital- and energy-intensive processes rapidly raised productivity levels and created a virtuous circle of technology, innovation and growth that was able to draw on an ever-growing body of science in which Britain enjoyed a significant lead over China.[7] For China, in contrast, its ‘industrious revolution’ did not prove the prelude to an industrial revolution.

Living standards in the core regions of China and Western Europe appear to have been roughly comparable in 1800, with Japan perhaps slightly

ahead, while the figures for life expectancy and calorie-intake were broadly similar.[8] European life expectancy - an important measure of prosperity - did not surpass that of China until the end of the nineteenth century, except in its most affluent regions.[9] Paul Bairoch has calculated figures for per capita income which put China ahead of Western Europe in 1800, with Asia as a whole behind Western Europe but in advance of Europe.[10] In referring to China and Europe, of course, we need to bear in mind that we are dealing with huge land masses populated by very large numbers of people: in 1820, China's population was 381 million while that of Western Europe was 133 million, and that of Europe as a whole 169 million. Levels of economic development and standards of living inevitably varied considerably from region to region, making comparisons between the two problematic. The key point is that the most advanced regions of China, notably the Yangzi Delta, seem to have been more or less on a par with the most prosperous parts of north-west Europe, in particular Britain, at the end of the eighteenth century.[11] Given the crucial role played by the most advanced regions in pioneering industrial take-off, the decisive comparison must be that between Britain and the Yangzi Delta.

The general picture that emerges is that, far from Western Europe having established a decisive economic lead over China and Japan by 1800, there was, in fact, not that much to choose between them.[12] In this light, the argument that industrialization was the product of a very long historical process that took place over several centuries, rather than a few decades, is dubious: instead, it would appear more likely that industrialization was, for the most part, a consequence of relatively contingent factors.[13] This still begs the question, however, as to why Western Europe, rather than Japan or China, was able to turn its fortunes around so rapidly from around 1800 and then outdistance Japan, and especially China, by such a massive margin during the nineteenth century.

Here the fortuitous or chance factor, while by no means the sole reason, played a critical role. Around 1800 the most heavily populated regions of the Old World, including China and Europe, were finding it increasingly difficult to sustain rising populations. The basic problem was that food, fibre, fuel and building supplies were all competing for what was becoming increasingly scarce land and forest. This was particularly serious in China because its heartland, which lay between the Yellow and Yangzi rivers, had always supported a very large population as a result of its fertility; now,

however, it became increasingly exhausted through overuse.[14] This, combined with the fact that new land brought under cultivation was not of a high quality, posed an increasingly acute problem.[15] For two crucial reasons, Europe - or rather specifically Britain - was able to break this crucial land constraint in a way that was to elude China. First, Britain discovered large quantities of accessible coal that helped to ease the growing shortage of wood and fuel the Industrial Revolution. In contrast, although China also had very considerable deposits of coal, they lay a long way from its main centres of population, the largest being in the north-west, far from the textile industries and canals of the lower Yangzi Valley. Second, much more importantly, the colonization of the New World, namely the Caribbean and North America, was to provide huge tracts of land, a massive and very cheap source of labour in the form of slaves, and an abundant flow of food and raw materials: the early growth of Manchester, for example, would have been impossible without cheap and plentiful supplies of cotton from the slave plantations. Raising enough sheep to replace the yarn made with Britain's New World cotton imports would have required huge quantities of land (almost 9 million acres in 1815 and over 23 million acres by 1830). Overall, it is estimated that the land required in order to grow the cotton, sugar and timber imported by Britain from the New World in 1830 would have been between 25 and 30 million acres - or more than Britain's total arable and pasture land combined.[16] The role played by colonization, in this context, is a reminder that European industrialization was far from an endogenous process.[17] The New World - together with the discovery of large quantities of coal in Britain - removed the growing pressure on land that was endangering Britain's economic development. China was to enjoy no such good fortune. The consequences were to be far-reaching: 'England avoided becoming the Yangzi Delta,' argues the historian Kenneth Pomeranz, 'and the two came to look so different that it became hard to see how recently they had been quite similar.'[18]

The fact that the New World colonies proved a vital source of raw materials for Britain at such a critical time was a matter of chance, but there was nothing fortuitous about the way that Britain had colonized the New World over most of the two previous centuries. Colonization also provided Europe with other long-term advantages. Rivalry over colonies, as well as the many intra-European wars - combined with their obvious economic

prowess - helped to hone European nation-states into veritable fighting machines, as a result of which, during the course of the nineteenth century, they were able to establish a huge military advantage over every other region in the world, which thereby became vulnerable to European imperial expansion. The scale of this military expenditure should not be underestimated. HMS *Victory*, commanded by Admiral Nelson during the Battle of Trafal gar in 1805, cost five times as much as Abraham Crowley's steelworks, one of the flagship investments of Britain's Industrial Revolution.[19] Colonial trade also provided fertile ground for innovations in both company organization and systems of financing, with the Dutch, for example, inventing the joint-stock company for this purpose. Without the slave trade and colonization, Europe could never have made the kind of breakthrough it did. It is true that China also had colonies - newly acquired territories achieved by a process of imperial expansion from 1644 until the late eighteenth century - but these were in the interior of the Eurasian continent, bereft of either large arable lands or dense populations, and were unable to provide raw materials on anything like the scale of the New World.[20] South-East Asia, which was abundant in resources, would have been a more likely candidate to play the role of China's New World. Admiral Zheng's exploits in the early fifteenth century, with ships far larger than anything that Europe could build at the time, show that China was not lacking the technical ability or financial means, but the attitude of the Chinese state towards overseas interests and possessions was quite different from that of Europe. Although large numbers of Chinese migrated to South-East Asia, the Chinese state, unlike the European nations, showed no interest in providing military or political backing for its subjects' overseas endeavours: in contrast, the Qing dynasty displayed great concern for its continental lands in the north and west, reflecting the fact that China saw itself as a continental rather than maritime civilization.

This raises the wider question of the extent to which the contrasting attitudes of the European and Chinese states, and their respective elites, were a factor in China's failure to make the breakthrough that Europe achieved. The capacity of the Chinese state was certainly not in question: as we shall see in Chapter 4, it was able to achieve quite extraordinary feats when it came to the mobilization of economic and natural resources.[21] The highly developed granary system, the government-built 1,400-mile-long Grand Canal and the land settlement policies on the frontiers all

demonstrated a strong interventionist spirit. The imperial Chinese state also had the experience and ability to transport bulk commodities over long distances, though its priority here was not coal but grain, salt and copper, since these were crucial for maintaining the stability, cohesion and subsistence of the population, always an overriding Chinese concern.[22] Herein, in fact, lay a significant difference: the priorities of the imperial state tended to be focused on the maintenance of order and balanced development rather than narrow profit-making and industrialization. The state was resistant to excessive income differentiation and marked displays of extravagance, which were seen as inimical to Confucian values of harmony.[23] The state did not block market activities and commerce - on the contrary, it strongly supported the development of an agrarian market economy - but it did not, for the most part, promote commercial capitalism, except for those merchants engaged in the monopolies for salt and foreign trade. In contrast, the European state, especially the British, tended to be more responsive to the new industrial possibilities.[24] Likewise, the imperial state did not believe in pitting one province against another, which would clearly have made for instability, whereas in Europe such competition took the form of nation-state rivalry. The main reason for the different mentalities of the Chinese and Western European states was that while the rising merchant classes were eventually incorporated, in one form or another, into European governance, in China they remained firmly outside, as they have remained to this day.[25] Rather than enjoying an independent power base, the merchants depended on official patronage and support to promote and protect large-scale commercial undertakings. Western European states, and in the first instance the British, were more favourably orientated towards industrial development than China, where the administrative class and landed interest still predominated.[26]

In 1800, therefore, Britain enjoyed two long-term - as opposed to contingent - advantages over China. The British state (and, in varying degrees, other Western European states) was more favourably disposed towards industrialization than the Chinese state, while colonization and persistent intra-European wars had furnished Western Europe with various strategic assets, notably raw materials and military capacity. The fact that colonization was to provide Britain with the means by which to side-step its growing land and resource problem towards the end of the eighteenth century, however, was entirely fortuitous. The point remains, therefore, that

in 1800 China (and, indeed, Japan) found itself in a rather similar economic position to Western Europe and possessed a not dissimilar potential for economic take-off. What made the decisive difference were those contingent factors - New World resources and, to a lesser extent, accessible supplies of coal - that enabled Britain to deal with its resource constraints, together with the supportive attitude of the British state towards industrialization. China enjoyed no such contingent salvation and, as a result, found itself in a hole from which it was unable to extricate itself, a situation that was to be exacerbated within less than half a century by the growing incursions of the European powers, especially Britain, beginning with the Opium Wars. The historical consequences were to be enormous: China was at least as agrarian in 1850 as it was in 1750 and not much less so even in 1950. According to the economic historian Angus Maddison, China's GDP in 1820 was $228.6 billion - almost four times greater than in 1600 - but had barely increased at all by 1913, by which time it had nudged up to $241.3 billion, and actually fell to $239.9 billion in 1950.[27]

If the root cause of China's catastrophic performance between 1800 and 1950 lay not circa 1600 but circa 1800, then the antecedents of China's present economic dynamism, rather than being lost in the mists of time, are, on the contrary, relatively recent. [28] This makes China's remarkable economic transformation since 1978 rather more explicable.[29] Far from being a basket-case, the Chinese economy in 1800 remained, in many respects, very dynamic; society continued to be highly competitive, the peasantry displayed a powerful capacity to adapt and innovate, and merchants possessed considerable commercial acumen. While these characteristics may have remained relatively dormant in the inclement intervening period, after 1978 they have once again come to the fore.[30] To this we might add a further contemporary point. In 1800, rather than being Eurocentric, the global economy was, in fact, polycentric, economic power being shared between Asia, Europe and the Americas, with China and India the two largest economies. The global economy is now once more becoming increasingly multipolar. Rather than regarding this as unusual, perhaps instead we should see the last two centuries, in which economic power became concentrated in the hands of a relatively small part of the world's population, namely Europe and North America, as something of an historical aberration. Colonization, furthermore, was to play a crucial role in this outcome, by providing some of the preconditions for Europe to break

into Prometh ean growth while at the same time also bestowing on it the power and opportunity to stifle and distort the economic development of much of the rest of the world for a century or more.

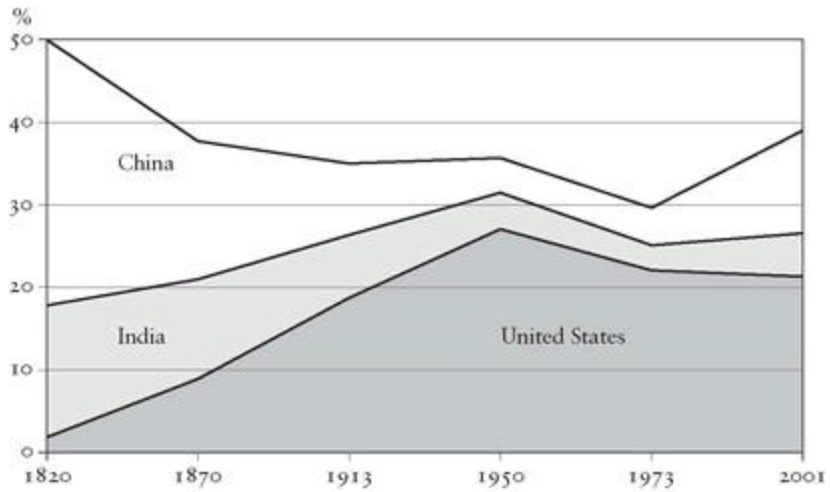


Figure 3. The fall and rise of China and India: changing shares of global GDP, 1820-2001.

PRECONDITIONS OR CHARACTERISTICS?

If, towards the end of the eighteenth century, Western Europe was in a rather similar position to China, the implications for our understanding of history and subsequent events are far-reaching. It suggests that the explanation for the rise of Europe was in large part to do with relatively short-term factors rather than preordained by its slow but steady transformation over previous centuries; in other words, we need to rethink the idea that the ensemble of characteristics which Europe had been acquiring over centuries, and enjoyed on the eve of economic take-off, were, as has often been assumed, also *preconditions* for that take-off. They might have been desirable, they could have been advantageous, but were they also conditions without which the process would never have happened at all? Japan, China and India were not too far away from achieving a

similar economic breakthrough but their political and cultural histories contrasted sharply with that of Europe. If they had succeeded and Europe failed, then the characteristics of their subsequent paths of development, and the institutions and values they would have spawned, would certainly have looked very different from those we have come to associate with Europe. Indeed, as we shall see later, as these countries have modernized they have diverged markedly from the European template.

It is clear from the experience of the last half-century, during which a growing number of countries have achieved rapid industrialization, that the processes and conditions that characterized European take-off, and particularly that of Britain, were largely peculiar to Western Europe and that there are, in fact, many ways of achieving take-off. As the historian Peter Perdue writes: 'Industrial growth does not have to be an outcome of a centuries-long accumulation of the particular skills found in north-west Europe; there are numerous paths to economic modernity, and England followed only one of them.'[31] As a small example, the nature of class differentiation in the English countryside, including the rapid decline of the peasantry, has not been repeated in the case of China's industrialization nor, indeed, many others as well.[32]

This brings us to the broader political, cultural and intellectual framework of Europe's passage to modernity. The roots of European civilization are usually traced back to Greek democracy, Roman law and Judaeo-Christian religion. It has been commonplace to regard these as preconditions for, as well as characteristics of, European modernity. Although the impact of democracy in ancient Greece has been exaggerated, with the West not adopting it, except for small minorities, until the late nineteenth century at the earliest, there is no mistaking the broad influence that Greek civilization has exercised on European history down the ages, including the way we think about right and wrong, the tradition of debate and oratory, the notion of independent citizenship, and the idea of democracy. A more prosaic example is the constant recycling of mainly Doric but also Ionic and, via the Roman Empire, Corinthian columns as the preferred architectural style for buildings that seek to convey a sense of eternal authority, from the Bank of England to the Supreme Court.[33] Similarly, the development of Roman-inspired law - essentially through Christianity in the eleventh and twelfth centuries - helped to establish the concept and reality of an independent legal system, which played a

significant role in the subsequent entrenchment of property rights.[34] Finally, Christianity was to imbue Europe with a powerful sense of universalism, which was to shape the continent's attitudes towards not only itself but also other cultures and races, playing an important role in moulding the colonial mentality and the notion of a civilizing mission.[35]

It is not difficult, then, to see the lines of continuity, but it is rather more difficult to argue that they were necessary conditions for take-off. These cultural characteristics certainly helped to shape European modernity, but that is not the same as them being preconditions. Something similar can be said of Western individualism and the Western family. It would appear, with the benefit of hindsight, for example, that many different types of family are compatible with the process of industrialization. A significant area of European advantage was in the field of science, based on the growing autonomy of intellectual inquiry, spreading networks of scientific activity, and the routinization of research and its diffusion.[36] But other intellectual traditions, notably the Chinese during the Qing dynasty and the Islamic, also gave rise to forms of debate, argument and empirical observation that stand comparison with the emerging scientific rationalism of Western Europe. The rider - and a very important one - is that in these other traditions there was still a strong tendency to seek to reconcile new arguments with those of older authorities, instead of rejecting them.[37]

By 1800 Europe had accumulated various cultural assets, such as the rule of law and the beginnings of parliamentary government, but these were not the key to its economic breakthrough. They should be seen as characteristics of European modernity rather than as preconditions for it.[38] There is no reason to believe that other cultures - with their own diverse characteristics - were not capable of achieving the breakthrough into modernity: this, after all, is precisely what has been happening since 1960. Fundamental to an understanding of why Europe succeeded and China failed at the end of the eighteenth century are conjunctural factors rather than long-run cultural characteristics. Christopher Bayly draws the following conclusion: 'If, in terms of economic growth, what distinguished Europe from China before 1800 was only its intensive use of coal and the existence of a vast American hinterland to Europe, then a lot of cultural baggage about inherent European political superiorities looks ready to be jettisoned.'[39]

EUROPEAN EXCEPTIONALISM

Far from Europe being the template of modernity which every subsequent transformation should conform to and be measured by, the European experience must be regarded - notwithstanding the fact that it was the first - as highly specific and particular.[40] In practice, however, it has seen itself, and often been seen as, the defining model. This is not surprising. The extraordinary global hegemony enjoyed by Europe for almost two centuries has made the particular seem universal. What, then, have been the peculiar characteristics of Europe's passage to, and through, modernity?

Although European nations spent an extraordinary amount of time and energy fighting each other, the European passage to modernity from the mid sixteenth century onwards was achieved without, for the most part, a persistent threat from outside, with the exception of the Ottoman Empire in the south-east. By the seventeenth century, however, the latter was progressively being rolled back, though it was not until the nineteenth century that it was finally excluded from the Balkans.[41] Europe was the only continent to enjoy this privilege. Every subsequent aspirant for modernity - Asia, Africa, Latin America - had to confront and deal with an outside predator in the form of the modern European nations. Even the European settlers in North America had to fight the British in the American War of Independence to establish their sovereignty and thereby create the conditions for economic take-off. A consequence of this is that Europe has been little concerned in recent centuries with dealing with the Other, or seeking to understand the Other, except on very much its own, frequently colonial, terms. Only relatively recently did this begin to change.

Europe's colonial history, in fact, is a further distinguishing characteristic. From the sixteenth century to the 1930s European nations, in a remarkable display of expansion and conquest, almost uniquely (the only other instance being Japan) built seaborne empires that stretched around the world. The colonies, especially those in the New World and, in the case of Britain, India and the Malay Peninsula,[42] were to be the source of huge resources and riches for the imperial powers. Without them, as we have seen, Europe could not have achieved its economic take-off in the way that it did. No non-European country, bar Japan after 1868, was to achieve take-

off in the nineteenth century: as a result, a majority found themselves colonized by the European powers.

Although the passage through modernity universally involves the transition from an agrarian to a service-based society via an industrial one, here we find another instance of European exceptionalism. European countries (sixteen in all) - with Britain, Belgium and Germany (in that order) at the head - are the *only* ones in the world that have been through a phase in which the relative size of industrial employment was *larger* than either agrarian or service employment.[43] In Britain, industrial employment reached its peak in 1911, when it accounted for 52.2 per cent of the total labour force: by way of contrast, the peak figure for the United States was 35.8 per cent in 1967 and for Japan 37.1 per cent in 1973. It was the sheer weight of industrial society that was to lend modern Europe many of its most distinctive characteristics, notably the centrality of class conflict and importance of trade unions. From a global perspective, a different and far more common path has been to move directly, in terms of employment, from a largely agrarian to a mainly service society, without a predominantly industrial phase, a route that has been followed by the United States, Canada, Japan and South Korea.[44]

Although the pace of European industrialization was extremely rapid by the standards of previous economic change, it was slow compared with subsequent take-offs, the United States included, but especially East Asia.[45] The transformation of Western Europe was a long and protracted affair: it took Britain, after all, over two centuries to get where it is now. One consequence has been that the conflict between modernity and tradition has been relatively muted. The European city neatly illustrates this point: it is like a geological formation, one era of architecture existing cheek by jowl with another, a living museum embracing centuries of history, in contrast to North America, where cities were newly created, and East Asia, where little survives from the past in places like Tokyo, Seoul, Singapore, Shanghai, Kuala Lumpur and Hong Kong.

Another peculiar characteristic of Europe has been a succession of intra-continental conflicts or what might be described as internal wars.[46] Perhaps this was in part due to the relative lack of an external threat, which meant that the dominant fault lines were national or intra-European rather than to do with the outside, as was to be the case, in varying degrees, with colonized societies. The initial cause of these internal wars was religious

conflict, starting in 1054 with the struggle between eastern and western Christianity followed, after 1517, by the division between Catholicism and Protestantism, which was to split the continent largely on a north-south axis. The persistence of these religious conflicts was to lend Europe a strongly doctrinal way of thinking which was initially expressed in theological and then later ideological forms. This was to be a far more pronounced characteristic than in any other continent: most of the major non-religious 'isms' - for example, liberalism, anarchism, socialism, communism, republicanism, monarchism, Protestantism and fascism - were European in origin.[47] From the 1540s to the 1690s Europe's internal wars were largely concerned with the consolidation of the early modern states. After the French Revolution, class assumed growing importance, and from the early nineteenth century until the late twentieth century it formed the overarching language of European politics and society in a way that was never to be the case anywhere else in the world. From 1792 through to around 1870 the establishment of nation-states was to play a fundamental role in Europe's internal wars. By the late nineteenth century these national rivalries were to be increasingly transposed on to the global stage, with the struggle over colonies, notably in Africa, contributing to the First World War. The Second World War started as a further instalment of Europe's internal wars but rapidly spread to engulf most of the world, although its heartland remained in Europe. This penchant for internal war found global projection in the very European phenomenon of the Cold War, in which the fundamental divide was ideological, with the two great 'isms' of the time - capitalism and communism - ranged against each other. Ultimately, this appetite for internal war was to prove near-fatal for Europe: it fought itself to a standstill in the two world wars of the twentieth century and thereby rendered itself both exhausted and, in terms of global power, largely a spent force.[48]

Finally, the transformation of Europe has also been differentiated by individualism. The historian and anthropologist Alan Macfarlane has described individualism as 'the view that society is constituted of autonomous, equal units, namely separate individuals, and that such individuals are more important, ultimately, than any larger constituent group.'[49] This is very different from East and South Asian cultures, where group rather than individual identity is central. Take the family, for example. The English family system had its origins in the thirteenth century

and, courtesy of the Pilgrims, it also became the basis of the family system in North America. This individualistic system, with its emphasis on the nuclear family, stands in stark contrast to the traditional extended-household, arranged-marriage, kinship-based systems to be found in societies like China and India, whose values and distinctive characteristics persist to this day, notwithstanding urbanization and a dramatic fall in the size of the nuclear family.[50] Thus, while marriage in the West is essentially a union of two individuals, in Chinese and Indian culture it involves the conjoining of two families.

Europe's journey to and through modernity took highly specific and unique forms - the relative absence of an external threat, colonialism, the preponderance of industry, relatively slow growth, a pattern of intra-European conflict (or what I have termed 'internal wars'), and individualism. We should not therefore be surprised that the characteristics of its modernity are also more distinctive than is often admitted. Since Europe has enjoyed such a huge influence on the rest of the world, however, distinguishing between the specific and the universal is often difficult and elusive. Europeans, unsurprisingly, have long believed that what they have achieved must be of universal application, by force if necessary. It is only with the rise of a range of new modernities that it is becoming possible to distinguish between what is universal and what is specific about the European experience.

THE DOMINANCE OF EUROPE

At the beginning of the nineteenth century, GDP per head in Western Europe and on the North American seaboard was perhaps twice that of South Asia and roughly on a par with Japan and the southern and eastern seaboard of China. By 1900, income per head in Western Europe and the North American seaboard dwarfed that of China by a margin of at least ten times. China was to pay dearly for its inability to overcome the economic constraints that began to bear down on it during the late eighteenth century; in contrast, Europe luxuriated in its good fortune. The key to Europe's transformation was the Industrial Revolution. Britain's was well under way

before 1800; by the second half of the nineteenth century, it had been joined by much of Western Europe. Previously economic growth was of a glacial speed; now compound rates of growth ensured that Western Europe far outdistanced every other part of the world, the United States being the most important exception. Apart from North America, the old white settler colonies [51] and Japan after 1868, Europe enjoyed a more or less total monopoly of industrialization during the nineteenth century, a scenario with profound consequences for everyone else.

The economic chasm that opened up between Europe and nearly everywhere else greatly enhanced its ability to dominate the world.[52] The colonial era had started in the seventeenth century, but from the middle of the eighteenth century onwards, with the progressive acquisition of India, it rapidly expanded. In the name of Christianity, civilization and racial superiority, and possessed of armies and navies without peer, the European nations, led by Britain and France, subjugated large swathes of the world, culminating in the scramble for Africa in the decades immediately prior to 1914.[53] Savage wars took place between whites and non-whites as Chinese, Indians and native peoples in North America, Australasia and southern Africa made their last stand against European assaults on their religions, rulers, land and resources.[54] Niall Ferguson writes:

Western hegemony was one of the great asymmetries of world history. Taken together, the metropoles of all the Western empires - the American, Belgian, British, Dutch, French, German, Italian, Portuguese, and Spanish - accounted for 7% of the world's land surface and just 18% of its population. Their possessions, however, amounted to 37% of global territory and 28% of mankind. And if we regard the Russian empire as effectively another European empire extending into Asia, the total share of these Western empires rises to more than half the world's area and population.[55]

As the world's leading power, Britain sought to shape the new global trading system according to its interests. Its national wealth depended on exporting its manufacturing products to as many markets as possible while importing food and raw materials at the lowest possible prices. Laissez-faire was not simply an abstract principle or a disinterested policy. It was the means by which Britain tried to take advantage of its overwhelming

advantage in manufacturing and prevent others from seeking to erect tariffs to protect their nascent industries. The international free trade regime championed by Britain had a stifling effect on much of the rest of the world outside north-west Europe and North America. Industrial development in the colonial world was for the most part to prove desperately slow, or non-existent, as the European powers tried to prevent or forestall direct competition for their domestic producers. 'Whatever the official rhetoric,' writes Eric Hobsbawm, 'the function of colonies and informal dependencies was to complement metropolitan economies and not to compete with them.'[56] The urban population - a key measure of industrialization - in the British and French empires in Asia and North Africa remained stuck at around 10 per cent of the total in 1900, which was barely different from the pre-colonial period, while standards of living may even have fallen over the course of the nineteenth century.[57] India - by far Britain's most important colony (it was colonized by the East India Company from the mid eighteenth century, and formally annexed by Britain in 1857)[58] - had a per capita GDP of $550 in 1700, $533 in 1820, and $533 in 1870. In other words, it was lower in 1870 than it had been in 1700, or even 1600. It then rose to $673 in 1914 but fell back to $619 in 1950. Over a period of 250 years, most of it under some form of British rule, India's per capita GDP increased by a mere 5.5 per cent. Compare that with India's fortunes after independence: by 1973 its per capita GDP had risen to $853 and by 2001 to $1,957.[59]

Map 3. The Overseas Empires of the European Powers, 1914

Map 3. The Overseas Empires of the European Powers, 1914

Not only did Europe take off in a manner that eluded Asia after 1800, but it forcibly sought to prevent - by a combination of economic and military

means - Asia from taking the same route. China was a classic case in point. The British fought the Chinese in the First Opium War of 1839-42 over the right to sell Indian-grown opium to the Chinese market, which proved a highly profitable trade both for Britain and its Indian colony. The increasingly widespread sale and use of opium following China's defeat predict-ably had a debilitating effect on the population, but in the eyes of the British the matter of 'free trade' was an altogether higher principle. China's ensuing inability to prevent the West from prising open the Chinese market hastened the decline of the Qing dynasty, which by the turn of the century was hopelessly enfeebled. When European and American expeditionary forces invaded China in 1900 to crush the Boxer Uprising, it was evident that little, other than imperial rivalry, stood in the way of China being partitioned in a similar manner to Africa.[60]

Paradoxically, nothing serves to illustrate the overwhelming power of Europe more vividly than the rise of Japan. Stalked by the threat of Western invasion and fearful that it might meet the same fate as China, following the Meiji Restoration in 1868 Japan embarked on a carefully calculated process of rapid modernization. It sent teams of specialists to study the European systems of education, their armies and navies, railways, postal systems and much else. It rejected the idea that it was any longer a meaningful part of Asia and instead coveted acceptance as a Western power. It even emulated the Western model of colonialism, occupying Taiwan, Korea and part of China. The Meiji project of modernization was testament to the comprehensive character of European hegemony. Every other country lived in the shadow of Europe and was obliged, willingly or unwillingly, to adapt and adopt some of its characteristics, or face the threat of colonization. The rise of Europe changed the rules of the game for everyone else. The consequences were by no means exclusively negative: above all, Europe demonstrated what was possible through industrialization and thereby confronted the world with the ineluctable choice of modernization. Although imperial powers saw their colonies as the servant of their needs, and prohibited them from competing with their masters, some, nonetheless, acquired from their colonizers a few of the building blocks of their subsequent development. India obtained a widely shared language in English, Taiwan inherited the Japanese education system, and the Chinese in the treaty ports, especially Shanghai, learnt about Western commerce.[61] But the balance of outcome was largely negative, as reflected in the

economic evidence presented earlier as well as the profound popular hostility towards what was perceived by the great majority in the colonial world, then and now, as alien rule; in some cases, notably Africa, moreover, it was almost entirely negative. The one great exception was the white settler colonies of Australia, Canada and New Zealand: these were always treated entirely differently - for straightforward racial and ethnic reasons - and prospered greatly as a consequence.[62]

The high-point of European power was probably just before the First World War, although as late as the 1930s Italy still managed to annex Abys sinia. By then, however, the United States had begun to emerge as the successor power, enjoying not only great economic strength but also growing cultural and intellectual influence. The full impact of its rise, though, continued to be obscured by a combination of its isolationism and its obvious affinity with Europe. This latter perception was reinforced by the huge scale of migration from Europe to the United States between 1850 and 1930, amounting to 12 per cent of Europe's own population by 1900.[63] The decline of Europe became manifest after 1945 with the rapid and dramatic collapse of its empires, with the Indian subcontinent, Indonesia, much of Africa, IndoChina and Malaysia, for example, all gaining independence. The number of nation-states grew by three times.[64] The global map was once again redrawn, as it had been in the nineteenth century - but this time far more rapidly and in the opposite direction. Independence opened up new possibilities, although these proved to be extremely diverse and uneven. India's performance was transformed, as the figures cited earlier for its economic growth illustrate, but Africa was left debilitated by the experience of the slave trade and then colonialism. It has been estimated that the slave trade may have reduced Africa's population by up to a half as a result of the forcible export of people combined with deaths on the continent itself.[65] In contrast East Asia, which was far less affected by colonialism and never suffered slavery (though it did experience indentured labour), was much less disadvantaged. In the light of the economic transformation of so many former colonies after 1950, it is clear that the significance of decolonization and national liberation in the first two decades after the Second World War has been greatly underestimated in the West, especially Europe. Arguably it was, bar none, the most important event of the twentieth century, creating the conditions for the majority of the world's population to become the dominant players of the twenty-first

century. As Adam Smith wrote presciently of the European discovery of the Americas and the so-called East Indies:

To the natives, however, both of the East and West Indies, all the commercial benefits which can have resulted from these events have been sunk and lost in the dreadful misfortunes which they have occasioned . . . At the particular time when these discoveries were made, the superiority of force happened to be so great on the side of the Europeans, that they were enabled to commit with impunity every sort of injustice in those remote countries. Hereafter, perhaps, the natives of those countries may grow stronger, or those of Europe may grow weaker, and the inhabitants of all the different quarters of the world may arrive at that equality of courage and force which, by inspiring mutual fear, can alone overawe the injustice of independent nations into some sort of respect for the rights of one another.[66]

THE RISE OF THE UNITED STATES

Although American and European modernity are often conflated into a single Western modernity, they are in fact rather different.[67] The point of commonality was that the settlers, who first arrived in 1607, were Europeans. By 1790 the total population of the United States was 3,929,000, of whom 698,000 were slaves and thereby not regarded as part of American society: of the white population, 80 per cent were British (the rest being largely German and Dutch).[68] Successive waves of European settlers brought with them the values, beliefs, customs, knowledge and culture with which they had grown up. Their intention was to re-create the Old World in the New World.[69] In contrast to Europe, however, where capitalism was shaped by its feudal antecedents, the settlers were not constrained by pre-existing social structures or customs. In effect, they could start afresh, unencumbered by the past. This, of course, entailed the destruction of the native population of Amerindians in what we would now describe as a most brutal act of ethnic cleansing.[70] While Europe was mired in time-worn patterns of land tenure, the American settlers faced no such constraints and, with the decimation of the native population, enjoyed

constantly expanding territory as the mythical frontier moved ever westwards. Where Europeans possessed a strong sense of place and territory, the Americans, in contrast, formed no such attachment because they had no need of it. The fact that the United States started as a blank piece of paper enabled it to write its own rules and design its own institutions: from the outset, steeped in Protestant doctrine, Americans were attracted to the idea of abstract principles, which was to find expression in the Constitution and, subsequently, in a strong sense of a universalizing and global mission.

The fact that the European settlers brought with them a powerful body of values and religious beliefs but were devoid of the class attitudes of their ancestral homes lent the white American population a feeling of homogeneity. The exclusion of African slaves from American society together with the destruction of the Amerindians imbued their identity with a strongly racial dimension. The boundless opportunities presented by a huge and well-endowed territory and a constantly moving frontier instilled the nation with a powerful sense of optimism and a restless commitment to change. The domestic market was unconstrained by the local and regional preferences and the class and status distinctions that prevailed in Europe and, being relatively homogeneous, was much more receptive to standardized products.[71] The relative scarcity of labour stimulated a constant desire to introduce labour-saving machinery and improve productivity. Unlike in Europe, there was little resistance to the process of deskilling and the routinization of tasks. The result was an economy which showed a far greater proclivity for technological innovation, mechanization, the standardization of products, constant improvement in the labour process, economies of scale and mass production than was the case in Europe. The American model was distinguished by a new kind of mass market and mass consumer, with all the attendant innovations in areas such as advertising. As a result, from the late nineteenth century American capitalism was to prove far more dynamic and innovative than its European counterparts.

In 1820, the US economy accounted for a mere 1.8% of world GDP compared with 5.2% and 3.9% for the UK and Germany respectively. As indicated in the last chapter, by 1870, the US share of world GDP had risen to 8.8% while the equivalent figures for the UK and Germany were 9.0% and 6.5% respectively. By 1914, the US had pulled well ahead with a share

of 18.9% compared with 8.2% for the UK and 8.7% for Germany. In 1950, America's economic high noon, its share of world GDP was 27.3%, compared with 6.5% for the UK, 5.0% for Germany and 26.2% for the whole of Western Europe.[72] The damage wrought by two world wars notwithstanding, the American economy hugely outperformed the European economies in the period 1870-1950 and this underpinned the emergence of the United States as the premier global power after 1945. Largely eschewing the formal colonies which had been the characteristic form of European global influence, [73] the United States became the first truly global power: the dollar was enshrined as the world's currency, a new constellation of global institutions, like the IMF, the World Bank and GATT, gave expression to the US's economic hegemony, while its military superiority, based on airpower, far exceeded anything that had previously been seen. The United States succeeded in creating a world system of which it was the undisputed hegemon but which was also open and inclusive, finally reaching fruition after the collapse of the Soviet bloc and with the progressive inclusion of China.[74] By 1960, if not earlier, the United States had supplanted Europe as the global exemplar to which other societies and peoples aspired. It demonstrated a new kind of cultural power and influence, through Hollywood and its television soaps, and also through such icons of its consumer industry as Coca-Cola and Levi jeans. Its universities increasingly became magnets for the best scholars and students from all over the world. It dominated the list of Nobel Prize winners. And it was the power and appeal of the United States that lay behind the rise of English as the world's first true lingua franca.

The United States became the new metaphor for modernity: untrammelled by the baggage of the past, gravity-free, in perpetual motion, and possessed of the spirit of the new frontier. It was born in the present and has never grown old, its lodestar an abstract set of principles enshrined in a constitution, the whole society committed to a non-stop process of reinvention, a flow of immigration constantly shifting the composition and identity of the population. The rise of Silicon Valley, the penchant for cosmetic surgery and the growing importance of the Hispanic minority are all, in their different ways, but the latest expressions of the American psyche. This is so different from Europe as to be quite alien; and yet the fact that modern America literally comes from Europe has meant that the bond between the two, that sense of affinity, particularly in the global context,

has always been very powerful and is likely to remain so. Ancestry, race, history, culture, religion, beliefs and a sense of shared interest have prevailed over profound differences, as evinced by the pervasiveness of the term ‘West’, whose meaning is not simply geopolitical but more importantly cultural, racial and ethnic, as personified in the word ‘Westerner’.[75] Whatever the differences between Europe and the United States, the West is likely to retain a powerful sense of meaning and identity: indeed, it may be that the rise of non-Western countries and cultures will serve to reinforce that sense of affinity.[76] It is true, of course, that the growth of new ethnic minorities in Europe and the increasing importance of non-white minorities in the United States, epitomized by Barack Obama’s election, is steadily changing these societies, but the extent of this process should not be exaggerated. It will be a very long time, if ever, before the still overwhelming white majorities on either side of the Atlantic cease to dominate their societies.

The West has shaped the world we live in. Even now, with signs of a growing challenge from China, the West remains the dominant geopolitical and cultural force. Such has been the extent of Western influence that it is impossible to think of the world without it, or imagine what the world would have been like if it had never happened. We have come to take Western hegemony for granted. It is so deeply rooted, so ubiquitous, that we think of it as somehow natural. The historian J. M. Roberts wrote, in a somewhat triumphalist vein: ‘What seems to be clear is that the story of western civilisation is now the story of mankind, its influence so diffused that old oppositions and antitheses are now meaningless.’[77] Not quite. Western hegemony is neither a product of nature nor is it eternal. On the contrary, at some point it will come to an end.

3

Japan - Modern But Hardly Western

Crossing a road in Tokyo is a special experience. Virtually every street, seemingly even the smallest, has its traffic lights, including one for pedestrians. Even if there is no sign of a car, people wait patiently for the lights to change before crossing, rarely if ever breaking rank, young and old alike. The pressure to conform is immense. As an inveterate jogger, I found Tokyo posed problems I had never before encountered: the sheer number of lights proved a serious obstacle to that all-important running rhythm, and yet at every red light I found myself overcome by guilt at the thought of making a bolt for it, even though there was not a vehicle in sight, perhaps not even a person. This is a society that likes moving and acting together and it is infectious.

Swimming hats appear on a certain day in all the supermarkets, just like suntan lotion and mosquito repellent, and then duly disappear when their allocated time is up. All schoolchildren wear the same uniforms, irrespective of their school or city, the only variation being according to whether the pupil is at junior high or senior high. Once a product gains acceptance among a critical 5 or 10 per cent of the population, it spreads like wildfire. Whereas it took well over twenty years for 90 per cent of Americans to acquire a colour TV, in Japan the process was compressed into less than a decade, the curve climbing almost vertically around 1970. According to Yoshiyuki, a former editor of the teen magazine *Cawaii!*, once 5 per cent of teenage girls take a liking to something, 60 per cent will jump on the bandwagon within a month. Although young Japanese are very style-conscious, fashion is marked by a powerful conformity and a lack of individualism, with the same basic look, whatever that might be, acquiring near universality.

Sahoko Kaiji, an economist at Keio University, explains: ‘Here you can leave your car outside in the street, even forget to lock it, and it will still be

there in the morning. You can leave your stereo on the dashboard and a smart bag on the seat, and nothing will happen.' Women happily travel on the metro with their wallets clearly visible at the top of an open handbag; men will stick their mobile phone in the back pocket of their jeans in a crowded carriage entirely confident that no one will steal it. Kaiji continues: 'People are always nice and friendly and they keep their promises. If you order something in a store and they say it will take two weeks to deliver, they will always phone you if it arrives early, and nine times out of ten it does arrive early.' You never see any litter anywhere, not even at Tokyo's Shinjuku Station, which handles two million commuters a day. The only exception I can recall is when I was at Toyahashi Station near Nagoya, where I saw a small piece of paper on the ground. When I expressed my surprise to my Japanese friend, he said, 'Don't worry, someone will pick it up in a minute.'

The Japanese are exquisitely polite. People invariably greet you with a pleasant acknowledgement and a gentle bow. When you arrive in a supermarket or department store, there will be someone at the entrance to welcome you. There is no surly behaviour or rudeness. Your space is respected, whether you are queuing or leaving a lift. You are made to feel that you matter. This idea of inclusivity extends to social attitudes more widely. Chie Nakane, a famous Japanese sociologist, remarked to me: 'Unemployment is not a problem for the unemployed, it is a problem for the whole of society.' Japan believes in taking care of the individual. At Tokyo's Narita Airport, a uniformed attendant will politely beckon you to the appropriate queue, and on the ground you will find painted footprints, just in case you are in any doubt as to where to stand. You can never get lost in a station or airport, however large, because the Japanese are punctilious in providing directions. This sense of consideration includes an exceptional commitment to punctuality. At a metro station, the train indicator includes not only when the next train is due but when it will arrive at every single station until it reaches the terminus. And it is invariably on time, to the nearest minute, if not second. One could safely set one's watch by a Japanese train.

On the surface, Japan might look similar to any Western country. But inside it is very different. Or, as Chie Nakane told me: 'Japan is outwardly Western but inwardly Japanese.'[1]

Japan was the only Asian country to begin industrialization in the nineteenth century, the only intruder in an otherwise exclusively Western club. By any standards, it was phenomenally successful in its attempt to emulate the West, industrializing rapidly prior to 1914, and then again before 1939; it colonized a large part of East Asia by 1945, and then overtook much of the West in GDP per head by the 1980s. Not surprisingly, Japan served as an influential economic model when the East Asian tigers began their economic take-off from the late 1950s. If we want to understand the nature of Asian modernity, Japan is the best place to start because it was first and because it remains easily the most developed example. Just because Japan is part of East Asia, however, does not mean that it is representative of the region: on the contrary, Japan is, as we shall see, in important respects unique.

WHERE DOES JAPAN COME FROM?

Japan has been shaped by two momentous engagements with the most advanced civilizations of their time: China in the fifth and sixth centuries and the West in the nineteenth and twentieth centuries. Japan's early history was influenced by its proximity to China, which was a far more advanced and sophisticated country. Prior to its engagement with China, Japan had no writing system of its own, but subsequently adopted and Japanized many Chinese characters and blended them with its own invented writing system. This was an extremely difficult process because the two languages were completely different and unrelated. In the process, the Chinese literary tradition became one of the foundation stones of Japanese culture. Taoism, Buddhism and Confucianism entered Japan from China via Korea more or less simultaneously around the sixth century.[2] Taoism melded with Japanese animist traditions and mutated into Shintoism, while Confucianism became, as in China, the dominant intellectual influence, especially amongst the elite, and even today, in its Japanese form, still dominates the ideology of governance. [3] Confucianism was one of the most sophisticated philosophies of its time, a complex system of moral, social, political and quasi-religious thought, its greatest achievement perhaps being to widen access to

education and culture, which previously had been confined to the aristocracy. The Chinese influence was to continue for many centuries, only finally being displaced by that of the West with the Meiji Restoration in 1868. Japan, thus, lived in the shadow of China for some fourteen centuries, for most of that time as one of its tributary states, paying tribute to the Chinese emperor and acknowledging the superiority of Chinese civilization. This left a deep imprint on the Japanese psyche and nurtured an underlying sense of inferiority together with a defensive, and incipiently militant, nationalism.[4]

Though Chinese influence was profound, it was refracted through and shaped by Japan's own experience and traditions. Japanese Confucianism differed markedly in various respects from Chinese Confucianism. While the latter explicitly included benevolence amongst its core values, the Japanese instead laid much greater emphasis on loyalty, a difference that was to become more pronounced with the passage of time. Loyalty, together with filial piety and a duty to one's seniors - based on authority, blood and age - were amongst the key defining characteristics of the hierarchical relationships that informed Japanese culture.[5] China and Japan were both ruled by an imperial family; there were, however, two crucial differences between them. First, in China a dynasty could be removed and the mandate of heaven withdrawn: there have been thirty-six dynasties in Chinese history. In contrast, the Japanese imperial family was regarded as sacred: the same family has occupied the imperial seat throughout its 1,700-year recorded history. Second, while a Chinese dynasty enjoyed absolute power, the Japanese imperial family did not. For only a third of its history has the Japanese imperial family ruled in both name and reality. For much of Japan's history, there has been dual or even triple government, with the emperor, in practice at least, obliged to share power.[6] The most typical form was dual government, with political power effectively controlled either by shoguns (the military chiefs), or by prime ministers or chief advisors backed by military power. The price of eternity, in other words, has been a greatly diminished political role. During the Tokugawa era (1603-1867), real political power was exercised by the military in the person of the shogun. The emperor enjoyed little more than symbolic and ceremonial significance, although formally the shogun remained answerable to him. Ruth Benedict, in her classic study of Japan, *The Chrysanthemum and the Sword*, makes the interesting observation that 'Japan's conception of her

Emperor is one that is found over and over among the islands of the Pacific. He is the Sacred Chief who may or may not take part in administration. In some Pacific Islands he did and in some he delegated his authority. But always his person was sacred.'[7] To understand Japan we need to see it in its Pacific as well as East Asian context.

The Tokugawa era, the 250-year period prior to the Meiji Restoration, saw the creation of a highly centralized and formalized feudal system.[8] Beneath the imperial family and the lords (*daimyo*), society was organized into four levels in such strict hierarchy that it possessed a caste-like quality: these were the warriors (*samurai*), the farmers, the artisans and the merchants respectively. One should also, strictly speaking, include the *burakumin*, Japan's outcasts or untouchables - descended from those who worked in occupations associated with death, such as undertakers, buriers of the executed, skinners of dead animals - who were regarded and treated as invisible, just as they still are today, the exception (along with those of Chinese and Korean ancestry) to the social inclusivity described earlier.[9] One's rank was determined by inheritance and set in stone. The head of every family was required to post on his doorway his class position and the details of his hereditary status. His birthright determined the clothes he could wear, the foods he could buy and the type of house he could live in. The *daimyo* took a portion of his farmers' rice every year and out of that, apart from catering for his own needs, he paid his *samurai*. The *samurai* possessed no land: their formal function was to defend the *daimyo*, his land and property. They were the only members of society allowed to carry a sword and enjoyed wide and arbitrary power over the lower classes. During the Tokugawa era the *daimyo* were answerable to the shogun, who, in turn, was, at least formally, accountable to the emperor in his seclusion in Kyoto. Unlike Chinese Confucianism, which valued educational excellence above all (the mandarins being products of a highly competitive examination system), the Japanese, in giving pre-eminence to the *samurai*, and indeed the shogunate, extolled martial qualities.[10] During the Tokugawa period, China was, in effect, a civilian Confucian country and Japan a military Confucian country.

Not long after the Tokugawa family began their shogunate at the beginning of the seventeenth century, they closed Japan off to the outside world and suppressed Christianity, rejecting foreign influences in favour of Japanese customs and religious traditions. No European ships were allowed

to use Japanese ports, with the exception of the Dutch, who were permitted to use the small island of Deshima in Nagasaki. The Japanese were forbidden from sailing in larger boats - it became an offence to build or operate a boat over a certain size - thereby bringing to an end extensive trading activity along the Japanese coast. The reasons appear to have been a desire to limit the activities of merchants together with a fear of outside influences, and especially the import of European firearms, which it was believed might serve to destabilize the delicate balance of power between the various provinces and the shogun.[11] Notwithstanding this retreat into autarchy, the Tokugawa era saw many dynamic changes. Japan became an increasingly unified community, standardizing its language, engendering similar ways of thinking and behaving between different provinces, and evolving a common set of rules and customs. As a result, the conditions for the emergence of a modern nation-state began to take shape. Castle towns were built along a newly constructed road network which served to further unify the country, with these towns at the centre of what became a vibrant trade. By the end of the Tokugawa period, Edo, as Tokyo was then known, was as big as London, with a population of more than a million, while Osaka, Kyoto, Nagoya and Kanazawa also had sizeable populations. As we saw in Chapter 2, Japan's economy in 1800 compared favourably with that of north-west Europe although it suffered from the same intensifying resource constraints as Europe and China. Japan, like China, moreover, could not look to any colonies as a source of relief, though food and fertilizer from long-distance fishing expeditions, and the import of commodity-intensive products from its more sparsely populated regions, provided Japan with rather greater amelioration than was the case with China. On the eve of the Meiji Restoration in 1868, Japan possessed many of the preconditions for economic take-off apart, that is, from a government committed to that goal.

One final point should detain us: the changing nature and role of the *samurai*. Although their original purpose had been to defend the interests of the *daimyo*, their role steadily broadened as they assumed growing responsibility for the administration and stewardship of their *daimyo*'s estates, as well as for protocol and negotiations with other daimyo and the shogun. On the eve of the Meiji Restoration they had, in effect, been transformed from a military caste into a key administrative class within Japanese society. Although steeped in the Confucian tradition of efficient

administration, their knowledge and predisposition were essentially military, scientific and technological rather than literary and scholastic as was the case with their Chinese counterparts: this orientation and inclination was to have a profound impact on the nature and character of the post-1868 era.

THE MEIJI RESTORATION

In 1853 the relative peace and stability of the Tokugawa era was rudely interrupted by the appearance in Tokyo Bay of Commodore Perry, an American naval officer, at the head of a fleet of black ships, demanding on behalf of the United States - along with various European powers, notably Britain - that Japan should open itself to trade.[12] Japan's long period of isolation could no longer be sustained: like so much of the rest of the world in the nineteenth century, Japan could not ignore the West and its metamorphosis into such an expansive and predatory player. In 1858, faced with the continuing threat of invasion, Japan signed the unequal treaties which opened up the country to trade on extremely unfavourable terms, including the imposition of extra-territoriality on its main ports, which excluded Western nationals from the requirements of Japanese law. The unequal treaties represented a major restriction of Japan's sovereignty. In 1859 Japan was obliged to lift the ban on Christianity imposed over 300 years earlier.

The intervention of the Western nations, with the British, American, French and Dutch fleets actively involved, was bitterly resented and led to a huge wave of anti-foreigner (or anti-barbarian, as Westerners were known) sentiment.[13] In the face of growing tumult and unrest, the Tokugawa regime was beleaguered and paralysed. During a process lasting two years, culminating in 1868, the shogunate was overthrown by the combined forces of the Satsuma and Choshu clans, and a new government, dominated by former *samurai*, installed. The *samurai* were the prime movers in the fall of the shogunate and the chief instigators of the new Meiji regime (named after the emperor who reigned between 1868 and 1912). Part of the price the *samurai* paid for their new-found power and prominence in a

government committed to the building of a modern state was the forfeiture of their old feudal-style privileges, namely their monopoly of the right to bear arms and their previous payments in kind - with the payments being commuted to cash and rapidly diminishing in value.[14]

This dramatic political change - bringing to an end two and a half centuries of shogunate rule - was driven by no political blueprint, goal or vision. In the early stages, the popular mood had been dominated by anti-Western sentiment. However, it became increasingly clear to a growing section of the ruling elite that isolation was no longer a serious option: if Japan was to be saved from the barbarians, it would have to respond to the challenge posed by the West rather than ignore it. The emergent ruling elite, which had previously shared these xenophobic and isolationist sentiments, underwent a remarkable political transformation, rapidly acquiring a very powerful sense of what needed to be done and implementing it with extraordinary speed. A modern imperial state was instituted, with a chief minister 'advising' the emperor, but with effective power concentrated in the former's hands. By 1869 universal freedom of choice was introduced in marriage and occupation. By 1871 the feudal order had effectively been disbanded. In 1873 universal conscription was decreed, rendering the old *samurai* privilege to bear arms redundant. Almost immediately the government started to establish factories run mainly by former *samurai*, thereby ushering in a new and very different economic era.[15]

If Japan had previously been shaped and influenced by its exposure to Chinese civilization, the threat from the West persuaded the new ruling elite that it had to learn from the West as quickly as possible if it was to preserve the country's independence and forestall the fate that had befallen China after the Opium Wars, with its progressive loss of sovereignty. The speed, single-mindedness and comprehensiveness with which the new government went about this task, particularly in the absence of any prior commitment or programme, is a remarkable historical phenomenon. During a breathtaking period of two decades, it drew hugely on Western experience in the construction of a range of new institutions. It sent envoys and missions to Europe and also to the United States in order to study what might be learnt, borrowed and assimilated.[16] This was done in a highly systematic way, with the object of establishing which country had most to offer in which particular area. The results were almost immediate. The education system introduced in 1873 was modelled on the French system of school districts.

The navy was based on Britain's, the army on France's, and later also on Germany's. The railways followed the British example but the universities the American. Between 1871 and 1876 around 300 European experts were brought to Japan by interested institutions and government departments to assist in the process of design and construction. [17] The result was a patchwork of foreign influences that - in what became a typically Japanese manner - were somehow articulated into a distinctively Japanese whole.

From the late 1870s the government began to sell off its newly created factories. By so doing, it created a capitalist class. Many were former *samurai* who used the bonds that they had been given by the government - which had replaced the monetary stipends that they had previously received, which in turn had replaced their former feudal payments in kind - to buy the new companies. From the outset, then, the new capitalist owners had two distinguishing characteristics which have remained a hallmark of post-Meiji Japan to this day: first, they owed their existence and position to the largesse and patronage of the government, thereby creating a powerful bond of obligation; and second, the new owners were by background, training and temperament administrators rather than entrepreneurs.

The Meiji Restoration bore some of the characteristics of a revolution. The purpose was to build a modern state and shed the country's feudal legacy. The new ruling elite was drawn not from the *daimyo* but primarily from the *samurai*, including those sections of farmers that had been latterly incorporated into the *samurai* class, together with some of the merchant class. There was clearly a shift in class power. And yet, unlike in Europe, the new rising class, the merchants, neither instigated the change nor drove it: in fact, for the most part, they had not come into conflict with the old regime.[18] The leaders of the Restoration, instead, were part of the existing ruling elite, namely the warrior class, whose role had steadily been transformed into one of more generalized administrative leadership.[19] To emphasize this sense of continuity and in order to consolidate popular support and provide legitimacy for the new regime, the *samurai* restored the emperor to a more central role in Japanese life, an act symbolized by his transfer from Kyoto to Edo, now renamed Tokyo. It was a coup by the elite rather than a popular uprising from below.[20] Thus, although it had some of the attributes of a revolution, it is best described as a restoration, an act that sought to preserve the power of the existing elite in the name of saving Japan from the barbarian threat. It was designed to preserve and maintain as

much as transform, its instincts conservative as much as radical. Japan is a deeply conservative country in which the lines of continuity are far stronger than the lines of discontinuity. Even when discontinuity was needed, as in 1868, it was instituted, unlike in France and China - both notable exponents of revolution - by the elite, who, mindful of the need for radical change, nonetheless sought to preserve as much as possible of the old order. It is not surprising, therefore, that the Restoration, certainly in contrast to most revolutions, was relatively bloodless. The ruling elite was to succeed in maintaining the way of life, traditions, customs, family structure, relationships and hierarchies of Japan to a remarkable extent. The Meiji Restoration is testimony to the resilience, inner strength and adaptability of the Japanese ruling elite and its ability to change course when the situation required.[21]

There is one other fundamental difference between the major revolutions in Europe and the Meiji Restoration. The French Revolution was, amongst other things, a response to an internal development - the rise of the bourgeoisie - whereas the Meiji Restoration was a response to an external threat, that of an expansionist West. This was the fundamental geopolitical difference between Europe and the rest of the world: Europe was the leader and, therefore, the predator, while the rest of the world was, in response, obliged to find a way of dealing with Europe’s power and expansionist intent. This difference also helps to explain why the Restoration was instigated by a section of the elite rather than a rising antagonistic group: what obliged Japan to change course was not the rise of the merchant class but the external threat from the West.

THE LINES OF CONTINUITY

Japan was the world’s first example of reactive modernization: of a negotiated modernity in the context of Western power and pre-eminence. Japanese modernization deliberately and self-consciously walked the tightrope between Westernization and Japanization. Nonethless, compared with later examples of Asian modernization, Japan was in a relatively privileged position: it could make choices - in particular, how and in what

ways to modernize - that were not open in the same way to later-comers. As a result, it is a fascinating case-study: a country whose existing elite made a voluntary and calculated decision to Westernize in order to preserve what it perceived to be the nation's essence.

At critical junctures, notwithstanding the long period of isolation under the Tokugawa, Japan has displayed an openness to foreign influences which goes back to its relationship with Chinese civilization in the fifth and sixth centuries. This willingness to absorb foreign approaches, as and when it has been deemed necessary, has been an underlying strength of Japanese society. Instead of an outright rejection of foreign ideas, the desire to preserve the Japanese 'essence' has instead been expressed by attempting to delineate what the Japanese writer Kosaku Yoshino has described as 'our own realm', namely those customs, institutions and values which are regarded as indigenous. As Yoshino argues:

In order for 'our realm' to be marked, significant differences have been selected and organised not merely to differentiate between 'us' (the Japanese) and 'them' (the other countries from which cultural elements are borrowed), but, more importantly, to emphasise the existence of 'our own realm' and therefore to demonstrate the uninterrupted continuation of 'our' nation as a cultural entity. In this way, the sense of historical continuity can also be maintained. It is this cultural realm of 'ours' to which the Japanese claim exclusive ownership.[22]

The distinctiveness of Japan is thus defined and maintained in two ways: firstly in the notion of the Japanese realm as described, consisting of those elements regarded as exclusively and authentically Japanese; and secondly in the unique amalgam of the various foreign influences combined with those elements regarded as distinctively Japanese. As one would expect, the notion of a Japanese realm takes precedence over hybridity in the Japanese sense of self; although it embraces material objects as diverse as tatami mats, sake and sumo wrestling, Japanese uniqueness centres around how the Japanese behave differently from non-Japanese, or where the symbolic boundary between the Japanese and foreigners should be drawn.[23] The duality embraced in the juxtaposition of the indigenous and the foreign can be found in many aspects of Japanese life. Somehow the two coexist, often

with little leakage between them, with the foreign influences absorbed and reformatted, blended and incorporated.[24] Japanese modernity, as a consequence, is a highly complex, incongruous and at times bizarre phenomenon. This hybridity dates back to the era of Chinese influence but has been most marked, and traumatic, during the era of Westernization. It is so deeply entrenched that it is now taken for granted as something thoroughly natural and intrinsic to Japan. Western-style clothes may be the norm, but kimonos are a common sight on Sundays, and Japanese clothes are frequently worn at home. Japanese food contains Japanese, Chinese and Western elements, with both chopsticks and cutlery commonly used. Reaching further back into history, as noted earlier, the Japanese language consists of a combination of both Chinese-derived and Japanese characters.

After periods of intense Westernization, the relationship between Japanese and Western elements in the country has been the subject of intense reflection and debate. Japan's post-1868 history, indeed, has seen alternating phases of Westernization and Japanization. The first twenty years after the Meiji Restoration saw a furious process of Westernization on many fronts, but by 1900 this had given way to a period of introspection and an attempt to specify the nature of the Japanese essence. In this debate three characteristics were used to define Japaneseness: the emperor system, the *samurai* spirit, and the idea of a family society (with the emperor as father). After the defeat in the Second World War and the American occupation, there was again a frantic period of economic catch-up and Westernization followed, in the 1970s and early 1980s, by a further phase of seeking to define the nature of the Japanese realm,[25] though the conception of 'Japaneseness' deployed at this juncture was distinctively different from that of the early 1900s. The *nihonjinron* (meaning 'discussions on the nature of the Japanese') in the 1970s focused on Japan as a homogeneous and group-orientated society, and the Japanese as a non-verbal, non-logical people.[26] Not surprisingly, given the context of the times, these latter characteristics were essentially designed to define Japaneseness in contradistinction to the American influence that had loomed so large in Japanese life during the post-war decades.

In reality, of course, the nature of Japaneseness cannot be expressed in such reductionist terms. The *nihonjinron* were politically inspired cultural responses to Western influence. They tell us much about the Japanese psyche, about the desire to be different and distinct, but they only partially

reveal what is continuingly and persistently different about Japan. In *The Chrysanthemum and the Sword*, Ruth Benedict argues:

In studies of Western nations one who is untrained in studies of comparative cultures overlooks whole areas of behaviour. He takes so much for granted that he does not explore the range of trivial habits in daily living and all those accepted verdicts on homely matters, which, thrown large on the national screen, have more to do with that nation's future than treaties signed by diplomats.[27]

The distinctiveness of Japan - as with other countries, indeed - lies precisely in the stuff of the everyday and the easily overlooked, from the nature of relationships to the values that inform people's behaviour.

Japanese relationships operate according to a strict hierarchy based on class, gender and age. Each relationship is finely graded accordingly, depending on the degree of previous contact and familiarity. The importance of hierarchy is initially learnt in the family, with the father cast as the undisputed head of the household and each member of the family occupying a preordained position. The family is regarded as a microcosm of society, with the firm, like the nation, conceived in its image. The gradations of relationships are reflected in the use of language, with different words for 'you', for example, depending on the status of the other person. The language is also gendered, with men and women required to use different words and modes of address. Japanese is a 'respect language' and its nuances are accompanied by a system of bowing, the degree of bow depending on the status of the other person.[28] Firms often advise their employees on the required extent of the bow based on the importance of the other person.[29]

Japanese conventions require not only a respect for hierarchy but also an onerous and complex system of obligations. There are two kinds of obligation, or *on*: the *gimu*, which is limitless and lifelong, and which one owes to one's parents, for example; and the *giri*, which is finite. These obligations lie at the heart of Japanese society: virtuousness is defined in terms of meeting one's obligations rather than money, which has become the typical measure of virtue in Western society.[30] If one fails to meet one's *giri*, one feels a sense of shame. Broadly speaking, cultures can be divided

into those that are based on guilt, like the Christian-derived West, and those that are based on shame. The sense of guilt in the former stems from the idea of original sin and the belief that left to their own devices - and inevitable base instincts - people are inherently sinful. Shame, on the other hand, is the product of monitoring one's actions by viewing one's self from the standpoint of others. Japanese society is rooted in shame: it is how one is regarded by others, rather than one's own individual conscience, which is critical. A sense of guilt can be salved by an act of apology; shame, in contrast, is not nearly as easily assuaged. The consequence is very different patterns of behaviour. While in the West, for example, suicide is frowned upon as a selfish act, in Japan it is seen as the ultimate way of settling one's *giri* and, therefore, as a noble act. As a result, it is far more common:[31] 35.6 male suicides per 100,000 population in Japan in contrast to 17.9 for the US, 10.8 for the UK and 19.7 for Germany.[32]

The latticework of personal relationships, based on hierarchy and obligations, informs the way all Japanese institutions work, from the extended family and the firm to school and government. Take the firm: the relationship between the large corporations and the small- and medium-sized companies that depend upon them is of a distinctly hierarchical character. Lifetime employment, which still predominates in the large corporations, embodies a conception of obligation on the part of both the company and the employee that is quite different from the narrowly contractual - and often short term - nature of employment in the Anglo-American tradition. The firm is seen as akin to a family, with the company having multifarious obligations to the employee while the employee - mainly male (women still play a relatively peripheral role in the labour force compared with the West) - in return is expected to give most of his life, in terms of both career and the hours of the day, to the company. The seniority system, widely practised in Japanese companies, where one steadily climbs the company ladder as one gets older and enjoys a rising income and growing authority, rather than being dispensed with in the manner of the Western firm, reflects the age-hierarchy of Japanese society.[33]

There are many other ways in which the distinctively Japanese culture of relationships shapes the attitude towards and conduct of institutions. The Japanese, for example, are profoundly averse to the use of the law, primarily because of a desire to avoid the kind of confrontation that

characterizes the process of litigation. As a consequence, Japan does not have enough lawyers to support even a fraction of the litigation that takes place in Europe, let alone the United States. Virtually all cases of civil conflict are settled by conciliation, either out of court or before any legal judgment is made.[34]

	Men should work outside and women should maintain the household (%)	Gender roles should be determined freely (%)
Japan (Tokyo)	16.2	46.4
USA (N.Y. & L.A.)	10.5	81.2
England (London)	10.5	81.8
France (Paris)	3.2	91.3
Germany (Berlin)	2.6	92.1
Sweden (Stockholm)	3.2	80.4

Table 1. Japanese attitudes towards gender.

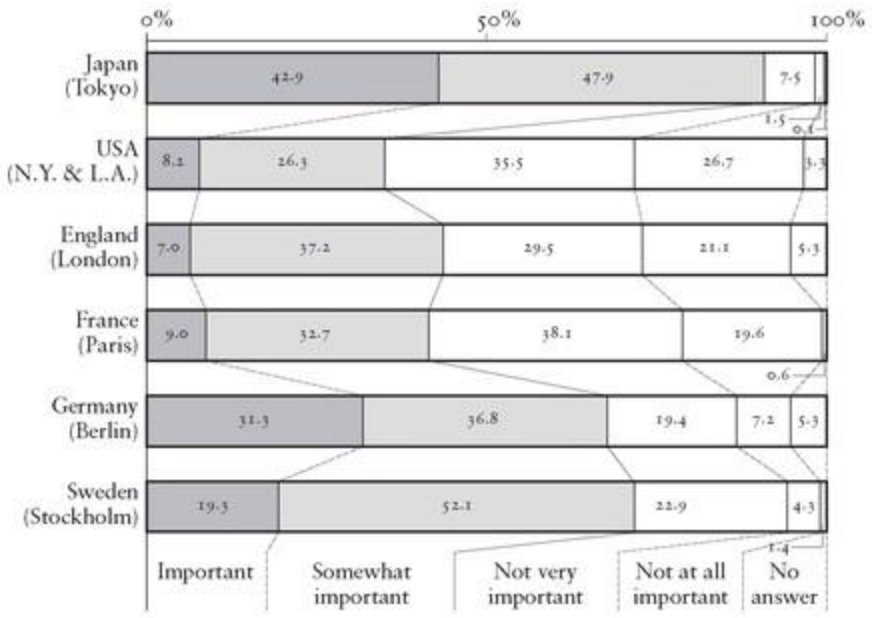


Figure 4. The Japanese commitment to work.

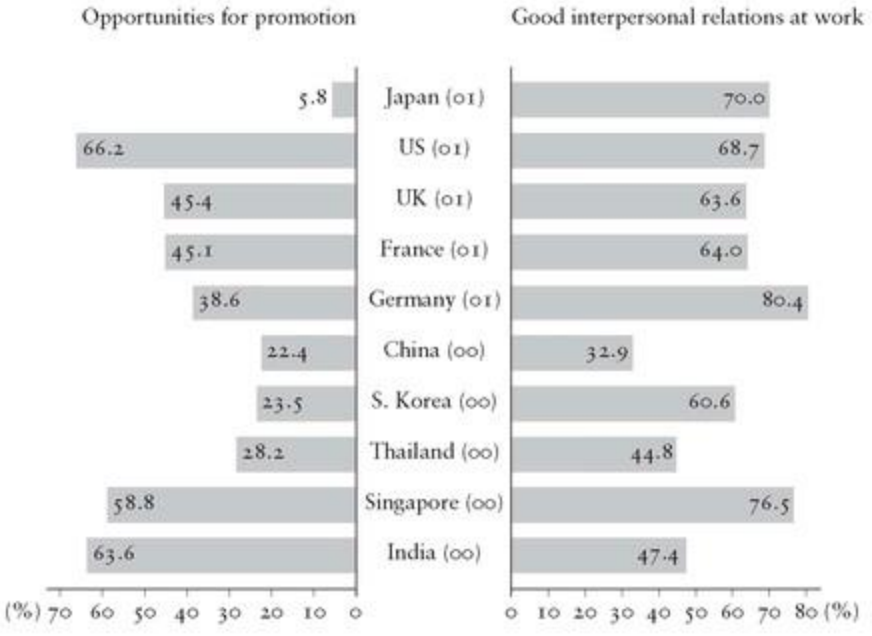


Figure 5. Japanese expectations of the workplace.

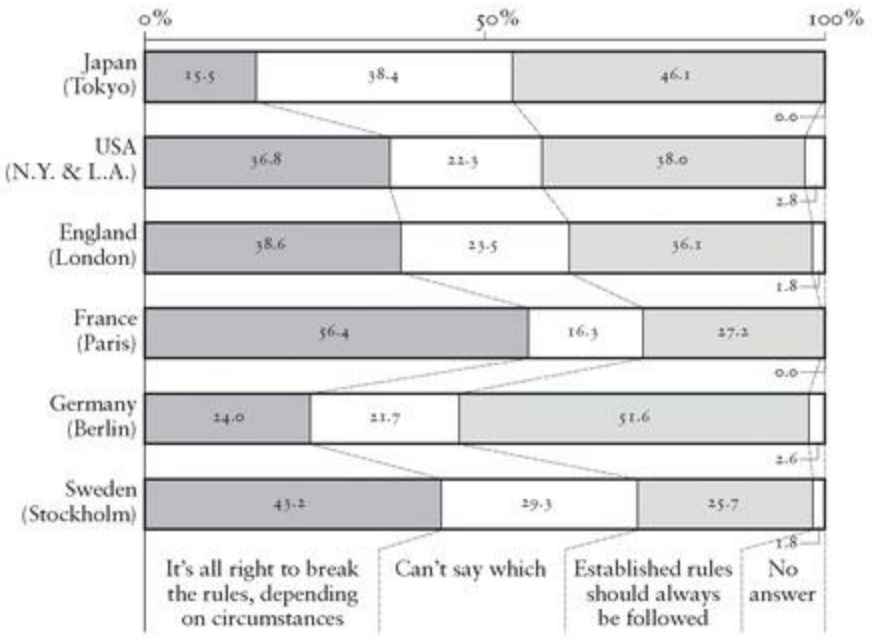


Figure 6. Japanese attitudes towards rules.

This picture of Japanese distinctiveness should not come as any great surprise. Even a relatively casual acquaintance with Japanese society conveys this impression.[35] As the accompanying tables and charts illustrate, Japanese attitudes and values remain strikingly different from those of Western societies, notwithstanding the fact that they share roughly the same level of development.[36] The first reason for this hardly needs restating: cultural differences have an extraordinary endurance, with Japan's rooted in a very different kind of civilization.[37] The second is historical: because the Meiji Restoration was a relatively recent event, Japan is still strongly marked by the proximity of its feudal past.[38] Furthermore, the post-1868 ruling elite consciously and deliberately set out to retain as much of the past as possible. The fact that the *samurai* formed the core of the new ruling group, moreover, meant that they carried some of the long-established values of their class into Meiji Japan and onwards through subsequent history. Post war Japan - like post-Restoration Japan - has been governed by

an administrative class who are the direct descendants of the *samurai*: they, rather than entrepreneurs, run the large companies; they dominate the ruling Liberal Democratic Party; former administrators tend to be preponderant in the cabinet; and, by definition, of course, they constitute the bureaucracy, a central institution in Japanese governance.[39]

Even the nature of governance still strongly bears the imprint of the past. Throughout most of Japan's recorded history, power has been divided between two or more centres, and that remains true today. The emperor is now of ceremonial and symbolic significance. The diet - the Japanese parliament - enjoys little real authority. The prime minister is far weaker than any other prime minister of a major developed nation, normally enjoying only a relatively brief tenure in office before being replaced by another member of the ruling Liberal Democrats. Cabinet meetings are largely ceremonial, lasting less than a quarter of an hour. Although formally Japan has a multi-party system, the Liberal Democrats have been in office almost continuously since the mid fifties and the factions within this party are in practice of much greater importance than the other parties. Power is therefore dispersed across a range of different institutions, with the bureaucracy, in traditional Confucian style, being the single most important.[40] Since the end of the American occupation, Japan has been regarded by the West as a democracy, but in reality it works very differently from any Western democracy: indeed, its modus operandi is so different that it is doubtful whether the term is very meaningful.[41] Japan may have changed hugely since 1868, but the influence of the past is remarkably persistent.

THE TURN TO THE WEST

Following the Meiji Restoration, Japan's mission was to close the gap with the West, to behave like the West, to achieve the respect of the West and ultimately to become, at least in terms of the level of development, like the West. Benchmarking and catch-up were the new lodestars.[42] Before 1939 this primarily meant Europe, but after 1945 Europe was replaced in the Japanese mind by an overwhelming preoccupation with the United States.

In this context, the key objective was economic growth, but Japan's colonial expansion, which started within six years of the Meiji Restoration, also owed much to a desire to emulate Europe: to be a modern power, Japan needed to have its own complement of colonies. These territorial ambitions eventually brought Japan to its knees in the Second World War, culminating in its defeat and surrender. It was a humiliating moment: the very purpose of the Meiji Restoration - to prevent the domination of the country by the West - had been undermined. The post-1868 trajectory had resulted in the country's occupation, its desire to emulate the West in disaster.

Nevertheless, the war was to prove the prelude to the most spectacular period of economic growth in Japan's history. In 1952, Japan's GDP was smaller than colonial Malaya's. Within a generation the country had moved from a primarily agrarian to a fully-fledged industrial nation, achieving an annual per capita growth rate of 8.4 per cent between 1950 and 1970, far greater than achieved elsewhere and historically unprecedented up to that time. By the 1980s, Japan had overtaken both the United States and Europe in terms of GDP per head and emerged as an industrial and financial powerhouse. [43] It was an extraordinary transformation, but it was not to be sustained. At the end of the 1980s, Japan's bubble economy burst and for the following fifteen years it barely grew at all. Meanwhile, the United States found a new lease of economic life, displaying considerable dynamism across a range of new industries and technologies, most notably in computing and the internet. Japan's response to this sharp downturn in its fortunes was highly instructive - both in terms of what it said about Japan and about the inherent difficulties entailed in the process of catch-up for all non-Western societies.

The apogee of Japan's post-1868 achievement - the moment that it finally drew level with and overtook the West during the 1980s[44] - carried within it the seeds of crisis. Ever since 1868, Japan's priority had been to catch up with the West: after 1945 this ambition had become overwhelmingly and narrowly economic. But what would happen when that aim had finally been achieved, when the benchmarking was more or less complete, when Japan had matched the most advanced countries of the West in most respects, and in others even opened up a considerable lead? When the Meiji purpose had been accomplished, what was next? Japan had no answer: the country was plunged into an existential crisis. It has been customary to explain Japan's post-bubble crisis in purely economic terms, but there is also a deeper

cultural and psychological explanation: the country and its institutions, including its companies, quite simply lost their sense of direction.[45]

Nor was the country endowed by its history with the ability or facility to change direction. Ever since 1868, through every historical twist and turn, it had displayed an extraordinary ability to retain its focus and maintain a tenacious commitment to its long-term objective. Japan might be described as single-path dependent, its institutions able to display a remarkable capacity to keep to their self-assigned path. This has generated a powerful degree of internal cohesion and enabled the country to be very effective at achieving long-term goals. By the same token, however, it also made changing paths, of which Japan has little experience, very difficult. The only major example was 1868 itself and that was in response to a huge external threat.[46]

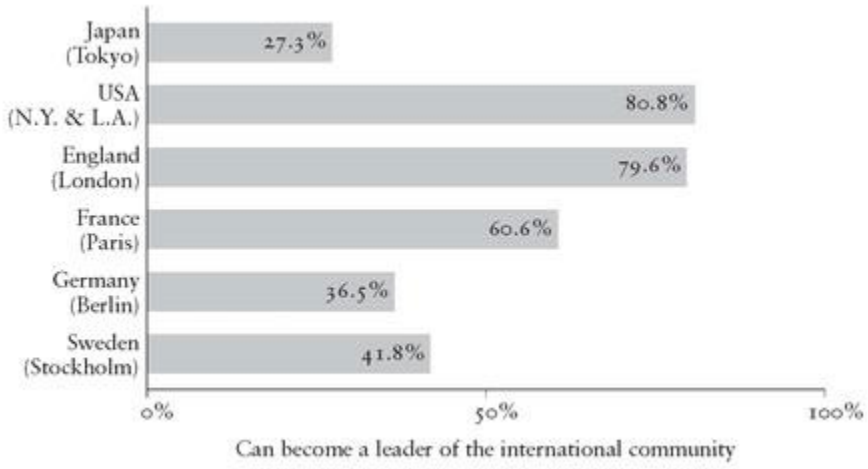


Figure 7. Japanese pessimism about their international role and influence.

The post-bubble crisis, which was followed by a long period of stagnation, led to much heart-searching and a deep sense of gloom. Some even went so far as to suggest that Japan had suffered two defeats: one in 1945 and another in the 1990s.[47] The pessimism that engulfed the country revealed the underlying fragility of the contemporary Japanese psyche. Having finally achieved their goal, they were filled with doubt as to what to do next. As the United States regained its dynamism and Japan was becalmed, there was a widespread sense that its achievement was little more

than a chimera, that it was always destined to live in the shadow of the West.[48] Japan's psychological fragility in the face of the post-bubble crisis is a stark reminder of how difficult the process of catch-up - in all its many aspects - is for non-Western countries. Here was a country whose historical achievement was remarkable by any standards; which had equalled or pulled ahead of the West by most measures and comfortably outstripped the great majority of European countries that it had originally sought to emulate; which had built world-class institutions, most obviously its major corporations, and become the second wealthiest country in the world - and yet, in its moment of glory, was consumed by self-doubt.

In this context, it is important to understand the nature of Japan's self-perception. Unlike the European or American desire to be, and to imagine themselves as, universal, the Japanese have had a particularistic view of their country's role, long defining themselves to be on the periphery of those major civilizations which, in their eyes, have established the universal norm. As we have seen, China and the West constituted the two significant others from which Japan has borrowed and adapted, and against which the Japanese have persistently affirmed their identity. 'For the Japanese,' argues Kosaku Yoshino, 'learning from China and the West has been experienced as acquiring the "universal" civilization. The Japanese have thus had to stress their difference in order to differentiate themselves from the universal Chinese and Westerners.'[49] This characteristic not only distinguishes Japan from the West, which has been *the* universalizing civilization of the last two centuries, but also from the Chinese, who have seen their own civilization, as we shall explore later, in universalistic terms for the best part of two millennia.

Japan's post-1868 orientation towards the West was only one aspect of its new coordinates. The other was its attitude towards its own continent. Japan combined its embrace of the West with a rejection of Asia. The turn to the West saw the rise of many new popular writers, the most famous of whom was Fukuzawa Yukichi, who argued, in an essay entitled 'On Leaving Asia', published in 1885:

We do not have time to wait for the enlightenment of our neighbours so that we can work together towards the development of Asia. It is better for us to leave the ranks of Asian nations and cast our lot with civilized nations of the West. As for the way of dealing with China and Korea, no special

treatment is necessary just because they happen to be our neighbours. We simply follow the manner of the Westerners in knowing how to treat them. Any person who cherishes a bad friend cannot escape his notoriety. We simply erase from our mind our bad friends in Asia.[50]

The Japanese did not wait long to put this new attitude into practice. In 1894-5 they defeated China, gaining control of Taiwan and effectively also Korea. In 1910 they annexed Korea. In 1931 they annexed north-west China, from 1936 occupied central parts of China, and between 1941 and 1945 took much of South-East Asia. Between 1868 and 1945, a period of seventy-seven years, Japan engaged in ten major wars, lasting thirty years in total, the great majority at the expense of its Asian neighbours.[51] In contrast, Japan had not engaged in a single foreign war throughout the entire 250-year Tokugawa era.[52] Meiji Japan was thus intent not only on economic modernization and the emulation of the West, but also on territorial expansion, as the national slogan ‘rich country, strong army’ (*fukoku kyôhei*), which was adopted at the beginning of the Meiji period, implied.[53] Although Japan presented its proposal for the Greater East Asian Co-Prosperity Sphere during the 1930s as a way of promoting Asian interests at the expense of the West, in reality it was an attempt to subjugate Asia in the interests of an imperial Japan.[54]

Map 4. Japan's Colonies in East Asia

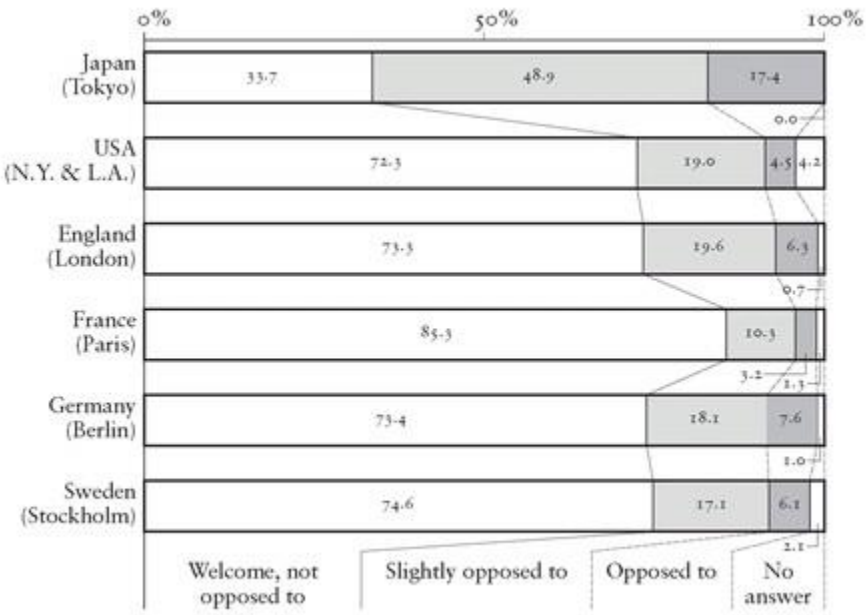


Figure 8. Japanese responses to the question, 'How do you feel about you or a member of your family marrying a foreigner?'

Japan, unsurprisingly, saw the world in essentially similar terms to the deeply hierarchical nature of its own society.[55] While looking up to the West, it looked down on Asia as backward and inferior, seeking to subjugate its own continent for the purpose of its enrichment and aggrandizement. Where once it had seen Chinese civilization as its superior, it now regarded the Chinese as an inferior race.[56] The idea of a racial hierarchy has been intrinsic to the Japanese view of the world. Even today it continues to persist, as its relations with its East Asian neighbours demonstrate. Whites are still held in the highest esteem while fellow Asians are regarded as of lesser stock.[57] Racialized ways of thinking are intrinsic to mainstream Japanese culture,[58] in particular the insistence on the 'homogeneity of the Japanese people' (even though there are significant ethnic minorities), the idea of a 'Japanese race' (even though the Japanese were the product of diverse migratory movements), and the widely held belief that the Japanese 'blood type' is associated with specific patterns of cultural behaviour.[59] Racial, ethnic and national categories overlap in Japanese conceptions of both themselves and, by implication, others also.[60] This is illustrated by former prime minister Nakasone's infamous remark in

1986 that the mental level in the United States was lower than in Japan because of the presence of racial minorities - specifically, 'blacks, Puerto Ricans, and Mexicans'.[61] Even today there is no law against racial discrimination.[62]

Over the course of the last half-century, however, East Asia has been transformed from a state of backwardness into the most dynamic region in the world: Japan is no longer alone.[63] And yet its attitudes towards East Asia remain, in large part, fixed in a Meiji time-warp. Japan would still prefer to see itself as Western rather than Asian: I vividly recall a conference on Europe and Japan in Tokyo in 1999 at which it was seriously suggested that Japan might consider applying to join the European Union. Japan's failure to rethink its relationship with East Asia in the context of the latter's transformation adds another important dimension to the crisis that Japan faces today, an issue that I explore more fully in Chapter 9.

Japanese modernity is an extraordinary achievement: the only non-Western country to industrialize in the nineteenth century, by far the most advanced country in East Asia, the world's second largest economy (measured by GDP according to market exchange rates), an enviably high standard of living, arguably the best public transport system in the world; but at the same time it has succeeded in remaining highly distinctive, both culturally and socially. [64] Yet for three reasons the novelty and scale of its achievement have never received the recognition either in the West or in Asia that they deserve. First, ever since 1945 Japan has been at pains to stress its similarity with the West rather than its difference from it. Following its defeat, Japan entered the American sphere of influence, lost any independent foreign-policy voice, and became to all intents and purposes an American protectorate: under such circumstances, its approach was *sotto voce*, and it had no desire to emphasize its distinctiveness. Second, its deeply troubled relationship with East Asia has meant that Japan has never enjoyed anything like the political and cultural influence in the region its economic strength would suggest. In varying degrees, Japan remains problematic and tainted. Third, as Japan has always seen itself in particularistic rather than universal terms, it has not regarded itself as a model for others.

The fact remains that Japan was the first East Asian country to modernize, and much of the region has now followed in its wake. Without Japan, it is doubtful whether the Asian tigers would have begun to roar; and

without the Asian tigers, China's modernization would certainly have been even further delayed. Japan might have been, in a host of ways, an exception, but it has been the exception that has eventually proved the rule: it is now surrounded by countries that are, in various different ways, following its example, at times to its acute discomfort. If Britain was Europe's pioneer in modernity, so Japan has been Asia's.

4

China’s Ignominy

On the orders of King George III, the first British trade delegation to China left London in September 1792, bearing numerous gifts including telescopes, clocks, barometers, a spring-suspension coach and airguns. They sailed in a man-of-war equipped with sixty-six guns, accompanied by two support vessels, on a mission whose purpose was to impress and seduce the Chinese Emperor Qianlong with Britain’s growing industrial and technological prowess. The 700-strong party, comprising diplomats, businessmen, soldiers, scientists, painters, gardeners and others, was led by Lord George Macartney, an experienced diplomat with an eye for the main chance, whether personal or national. The British government, represented by the East India Company, which organized the mission (and which acted as Britain’s de facto corporate overseas persona, ruling India until 1858), was anxious to open up the Chinese market to trade, its previous efforts having been rebuffed. The preparation was meticulous and protracted. The British mission arrived at Macao, the Portuguese enclave on the south coast of China, and then took four months to crawl northwards, as negotiations with the Emperor’s representatives dragged on, eventually reaching Beijing for the long-awaited and much-postponed audience with the Emperor.

When the meeting was finally held in September 1793, Macartney asked the Emperor for British diplomatic representation in Beijing, the ending of the system whereby foreigners were only allowed to use Canton (Guangzhou) as their point of entry and for trade, the opening up of new ports for trade, and the provision of fair and equitable tariffs. The Emperor was unmoved, his mind made up long before the mission ever arrived. Instead of informing Macartney, he sent an edict to George III, explaining that China would not increase its foreign trade because it required nothing from other countries. As Qianlong wrote:

We have never valued ingenious articles, nor do we have the slightest need of your country's manufactures. Therefore, O King, as regards your request to send someone to remain at the capital, while it is not in harmony with the regulations of the Celestial Empire we also feel very much that it is of no advantage to your country.

To the British, possessed of the hubris of a rising power and flush with the early fruits of the Industrial Revolution - by then well under way, though unbeknown to the 81-year-old Emperor, it would appear - the Chinese reaction was incomprehensible. Duly spurned, Macartney was obliged to leave China empty-handed by the only route available to him: over land to Canton. During the course of his journey he kept a copious journal. One entry reads, 'The Empire of China is an old, crazy, first rate man-of-war, which a fortunate succession of able and vigilant officers has contrived to keep afloat for these one hundred and fifty years past, and to overawe their neighbours merely by bulk and appearance.' He was thoroughly bleak about the prospects for the Celestial Empire, which he saw as destined to be 'dashed to pieces on the shore'. In Macartney's opinion, it was futile for China to resist the British demands because it was 'in vain to attempt arresting the progress of human knowledge'. The sense of one era closing and another beginning was apparent not only in Macartney's over-weaning self-confidence but also in the Emperor's blinkered failure to recognize the potential represented by Britain's new manufactures. Meanwhile the clash of civilizations was graphically illustrated by the lengthy and tortuous argument over diplomatic protocol for the audience with the Emperor. From a full six weeks before, the Chinese had pressured Macartney with growing intensity that he should perform the kowtow, the required gesture of deference to the Emperor: a set of three genuflections, each containing three full prostrations with the head touching the ground. Macartney offered to doff his hat, go down on one knee and even kiss the Emperor's hand, but he declined to kowtow unless a Chinese official of similar position kneeled before a portrait of George III. For the Chinese, this was out of the question: the Emperor was the ruler of 'all under Heaven' and therefore could not possibly be regarded as of equal status to a mere king. Even the status of the goods that the British had brought was the subject of dispute: as required by more than a millennium

and a half of Chinese convention, foreigners could only visit China as inferior vassals bearing tribute. In the eyes of the Chinese, Macartney was simply a subordinate ‘conveyor of tribute’: Macartney, for his part, insisted that they were presents from the ambassador of a diplomatic equal. No compromise was reached. Two eras and two civilizations collided without a hint of mutual understanding.

The mission ended in dismal failure. Macartney’s prediction of the fate that awaited China was to be borne out more fully than the Chinese could ever have imagined, though the British - filled with the testosterone of growing power and well versed in aggressive intent - clearly had some inkling. Already at the time of Macartney’s embassy to Beijing, the East India Company had started to export opium from India to China and this was rapidly to prove a highly profitable trade. In 1829 the Chinese government banned the import of opium, much to the fury of the British. As relations deteriorated, the British launched the First Opium War (1839-42) and bombarded south China into submission. In the Treaty of Nanjing, the Chinese were forced to hand over Hong Kong, open the first five treaty ports and pay reparations. China’s ‘century of humiliation had begun’.[1]

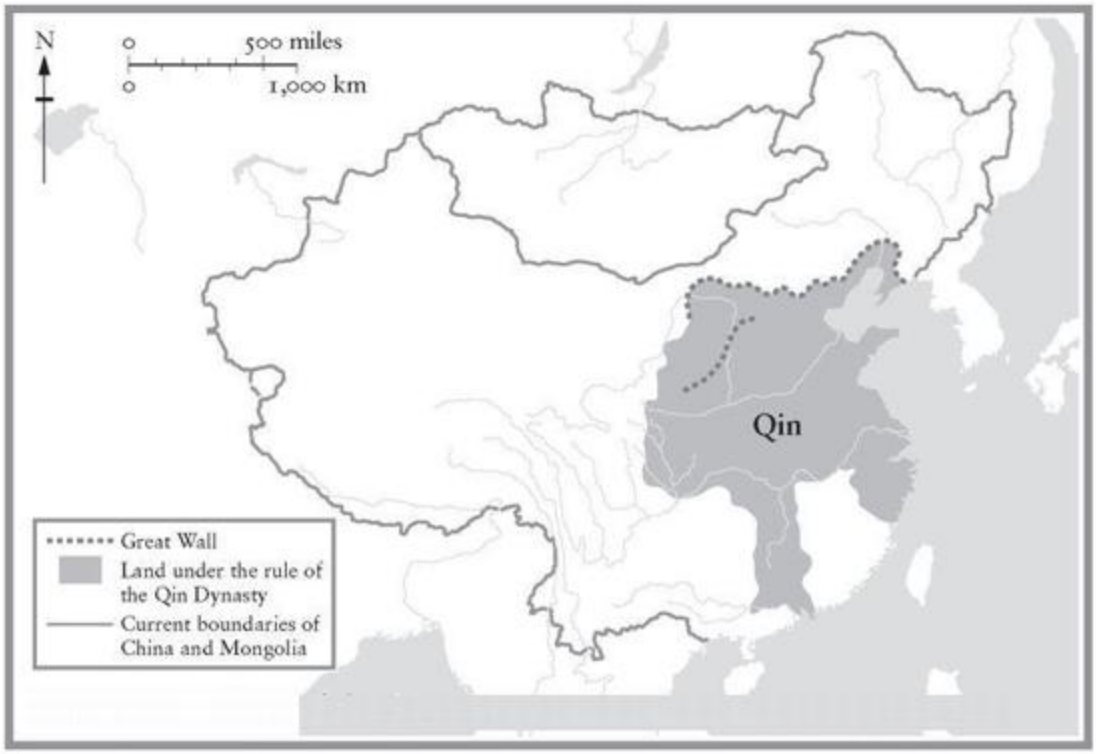
If Japan was the great exception, the only non-Western country to begin its industrialization in the nineteenth century, China was an example of the opposite: a country which failed to industrialize, even though it enjoyed a similar level of development to Japan in 1800. As a result, China found itself hugely outdistanced by Europe and the United States over the course of the nineteenth century, and also by Japan towards the end of it. After 1800, and especially from the middle of the century, China suffered from growing economic weakness, near implosion, debilitating division, defeat, humiliation and occupation at the hands of foreign powers, and a progressive loss of sovereignty. Disastrous though its fortunes were in the period between 1850 and 1950, however, their consequences should not be overstated. China’s progress after 1949, and especially since 1978, suggests that the roots of its contemporary dynamism lie in its own history rather than being mainly a consequence of its turn to the West: even if it did not appear so at the time, all was far from lost in the century of humiliation.[2] Nonetheless, this period was to leave deep psychological scars. Like Japan, moreover, China’s modernization was to take a very different path from that of the West.[3]

A PLACE IN THE SUN

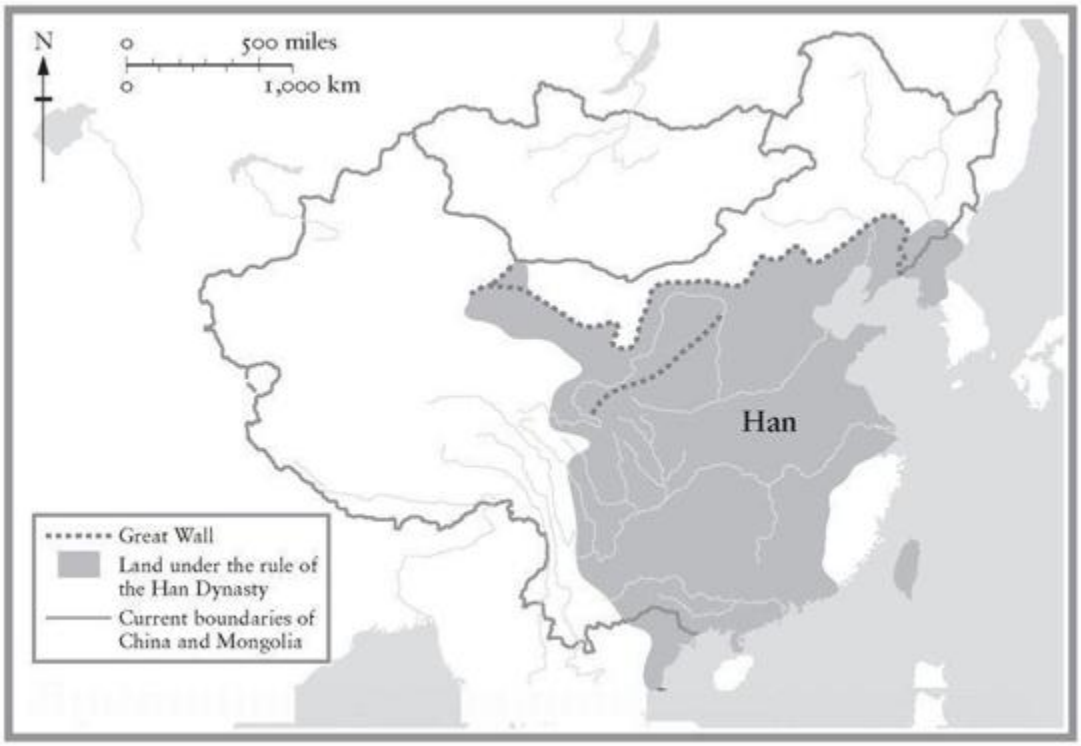
China had already begun to acquire its modern shape in the centuries leading up to the birth of Christ.[4] The victory of the so-called First Emperor (Qin Shihuangdi, the Western name for China being derived from his family name, Qin) marked the end of the Warring States period (475-221 BC) - an endless series of conflicts between the numerous Chinese states of the time which resembled a much later phase of European history - and the beginning of the Qin dynasty (221-206 BC). By 206 BC the boundaries of the Qin Empire contained much of what we now regard as the heartland of modern China, stretching to Vietnam in the south and as far as the Great Wall in the north, including the densely populated region between the Yangzi and the Yellow rivers (see Map 5). Following the fall of the Qin dynasty, the country continued to expand rapidly during the Han dynasty (206 BC-AD 220), achieving its furthest extent in the period 141-87 BC (see Map 6), when the Chinese armies penetrated into southern Manchuria and the Korean Peninsula in the north-east, and south and south-west as far as northern Vietnam.[5] Over the next millennium or so, China continued to expand to the north, north-east, north-west, south and south-east.[6] The huge size that China ultimately acquired was related to the natural borders of its continental land mass, bounded by the steppe in the north, the coastline to the south and east, and the mountainous regions to its south-east.[7]

Extensive internal migration, improving communications and many centuries of unity or near unity helped to foster a relatively homogeneous culture across what was, for its time, a massive population. The Qin dynasty, short though its life may have been, constructed over 4,000 miles of imper-ial highways, as many as the Roman Empire.[8] A centralized state, and a sophisticated statecraft, took root based on the teachings of Confucius (551-479 BC), who was to exercise a huge influence over the Chinese political and moral universe for more than two millennia. Weights, measures and currency were standardized. The distinctive customs that we associate with China - including the mandate of Heaven, a family structure resting on filial piety, a language that used common signs and symbols, and a religion based on ancestral worship - were well established by the time of the Qin dynasty. During the first millennium AD, therefore, China was to

acquire - given the fact that in practice it embraced many different peoples - an unusually strong sense of cultural identity.[9] One of the most striking features of Chinese history has been that, although it has been invaded from the north many times - notably by the Mongols in the thirteenth century and the Manchu in the seventeenth - all invaders, bar the Mongols, once secure in power, sought to acquire the customs and values of the Chinese and to rule according to their principles and their institutions: a testament to the prestige enjoyed by the Chinese and the respect accorded to their civilization by their northern adversaries.[10] The persistence and steady spread of the Chinese language is a further indication of the strength of the culture: the constant invasions from the north, by obliging the population to stay mobile, kept the language from becoming atomized into different dialects, at the same time making the Chinese themselves more aware of, and therefore also protective of, both their language and culture.[11] The early emergence of a Chinese identity is, perhaps more than anything else, the key to China as we know it today, for without that, China could not have remained a relatively unified country for over two millennia and would have been shorn of its most striking characteristic: its size.



Map 5. Boundary of the Qin Dynasty at its Greatest Extent, c.206 BC



Map 6. Boundary of the Han Dynasty at its Greatest Extent, 141-87 BC

Historically, relatively advanced forms of agriculture enabled societies to sustain large populations and provided propitious conditions for the development of organized states; China was a classic example of this phenomenon. It is now believed that millet and rice first appeared in northern and southern China respectively 12,000 years ago, earlier even than in Mesopotamia, where sedentary agriculture began about 8,000 years ago. Although North China has long sustained ‘dry’ agriculture by way of cereals, barley and various kinds of millet, it was the wet cultivation of rice, which developed slowly from the beginning of the first millennium and which was in full swing by its end, that was later to give a major boost to Chinese agriculture, resulting in a shift in the economic centre of gravity from the central plain to the lower Yangzi basin. New methods of wet rice cultivation were introduced, including the planting of seedlings, early

ripening varieties of rice, the systematic selection of species, new tools such as a chain with paddles which made it possible to lift water from one level to another, and sophisticated forms of irrigation. These made Chinese wet rice farming one of the most advanced agricultural techniques in the world, generating extremely high yields.[12] During the Song dynasty (AD 960-1279), these advanced techniques were generalized across large tracts of the country, pushing south as the frontier was steadily extended.[13] Sustained by agrarian prosperity, the population expanded rapidly, almost doubling between 1000 and 1300.[14] Between AD 500 and 900 bricked roads were built across the middle of the Chinese empire such that the capital (known then as Chang'an, now as Xi'an) was only eight to fourteen days' travel from any reasonably sized city. Even more significant was the spread of water transport in the form of rivers, canals and coastal shipping. These various waterway systems became part of an integral network that was to form the basis of a nationwide market that steadily took shape by 1200. As Marco Polo, a resident of Venice, Europe's greatest seaport, observed of the Yangzi in the late thirteenth century:

I assure you that this river runs for such a distance and through so many regions and there are so many cities on its banks that truth to tell, in the amount of shipping it carries and the total volume and value of its traffic, it exceeds all the rivers of the Christians put together and their seas into the bargain.[15]

The Chinese economy became increasingly commercialized, with paper money firmly established in both north and south China by the twelfth century. A large inter-regional trade developed in both luxuries and staples like rice. During the Song dynasty, coastal trade flourished and extended to Japan and South-East Asia. Urbanization proceeded apace, such that by the late thirteenth century Hangzhou, China's largest city, had a population of almost 7 million, making China by far the most urbanized society in the world, its cities accounting for around 10 per cent of the population.[16] The cities were not, however, to play the same role as centres of political and personal freedom as those in Europe: autonomous urban development was constrained by China's centralized imperial structure, a pattern that only began to change in the twentieth century. Encouraged by the government,

there was a flowering of learning and a wave of remarkable inventions during the Song dynasty, especially in the century and a half of the Northern Song (960-1126).[17] What is sometimes described as China's Renaissance witnessed the development of a classical examination system, the birth of neo-Confucianism, the invention of gunpowder, mortars and woodblock printing, the spread of books, and major advances in mathematics, natural sciences, astronomy and geography.[18] A large spinning machine was invented that was to fall only slightly short of what might - at least theoretically - have ushered in an industrial revolution along the lines that Britain was to experience centuries later.[19] In contrast, Europe's Renaissance only began two centuries after the end of the Northern Song. The diffusion of books enabled by woodblock printing, the publication of large encyclopedias, the growing number of candidates who entered the examination system for the civil service, the great advances made in mathematics (particularly the development of algebra) and the emergence of a gentry-scholar class marked China out as the most literate and numerate society in the world; only Islam could compare, with Europe lagging well behind.[20] During the medieval period Europe was to borrow extensively from China's innovations, including paper, the compass, the wheelbarrow, the sternpost rudder, the spinning wheel and woodblock printing.[21] China was by far the most advanced civilization in East Asia, exercising a huge influence on its neighbours, many of which had long been tributary states of China, paying tribute to the emperor and acknowledging the superiority of Chinese culture.

After 1300 this efflorescence began to subside and China's medieval economic revolution gave way to a period of stagnation that only came to an end in 1500. The Mongol invasion marked the closure of the Song period, in many respects China's finest age, and led to the establishment of the Yuan dynasty (1279-1368) and the incorporation of China into the Mongol Empire. It was to prove traumatic, with the Chinese finding themselves under alien rule and reduced to lowly status. There were several reasons for the economic slowdown. The dynamic by which China had expanded from its heartlands southwards had involved the addition of rich new farmlands, but this area began to fill up with migrants from the north; as a consequence there was growing pressure on resources, most notably food.[22] The spectacular advances in science, meanwhile, started to dry up. The Song dynasty had placed considerable emphasis on the importance of

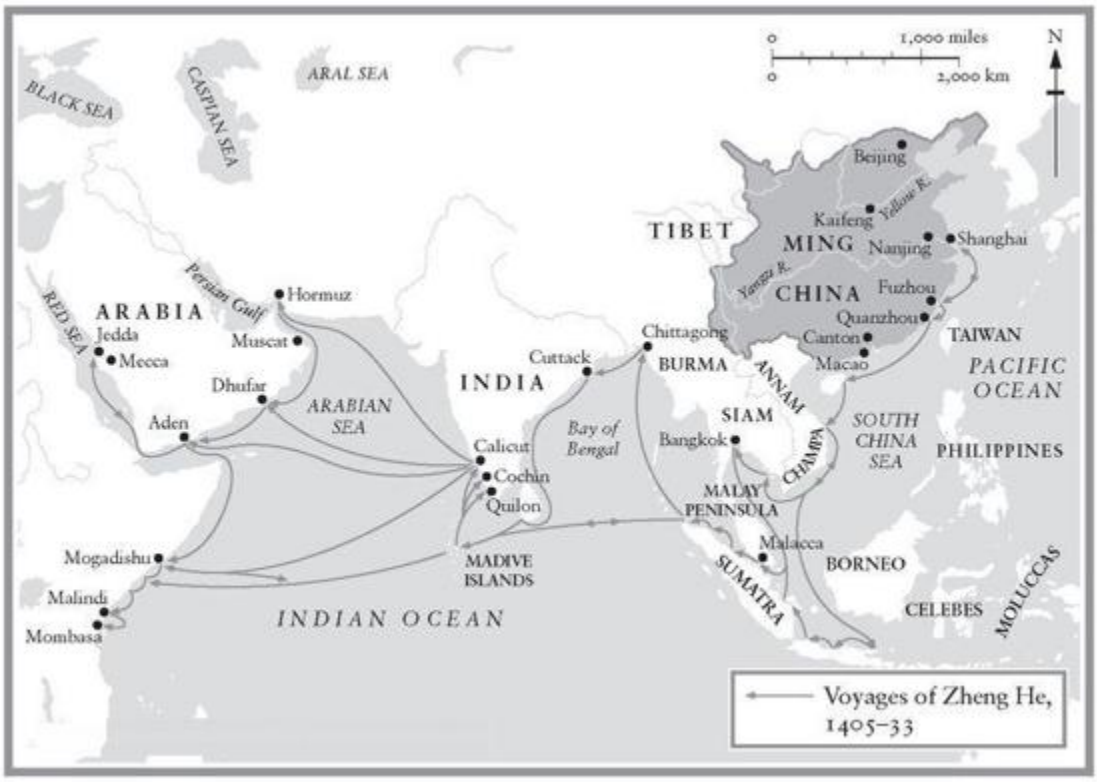
trade and contact with foreigners, notably Japan and South-East Asia, but also beyond to Central Asia, the Indian subcontinent and even the east coast of Africa. This process slowly went into reverse during the Ming dynasty (1368-1644).[23] In 1371 the Ming dynasty forbade coastal people from sailing overseas because of the threat posed to Chinese shipping by large-scale Japanese piracy. An edict in 1390 declared: 'At present the ignorant people of the Liang-Kuang, Chekiang and Fukien are frequently in communication with the outer barbarians, with whom they carry on a smuggling trade. This is therefore strictly prohibited.'[24]There followed over the next three centuries a succession of restrictions banning first private and then government trade. By 1757 Canton was the only port from which legal trade could be conducted, as Lord Macartney was to complain.

The successful reconstruction of the Grand Canal linking northern China with the rich rice fields of the Yangzi in 1411 was a crucial moment, signalling a greatly reduced need for coastal shipping and, therefore, also for a navy. For almost four and a half centuries, from the consolidation of the Song Empire until the remarkable seafaring expeditions of the early Ming (1405-33), China was the greatest maritime nation in the world - using big compartmented ships (with up to four decks, four or five masts, and a dozen sails), steered by a sternpost rudder, guided by charts and compass, and able to carry 500 men.[25] The ships used by Zheng He for his great voyages to South-East Asia, the Indian Ocean and the east coast of Africa in the early fifteenth century were by far the most advanced in the world. From the moment the voyages were completed, however, China's maritime prowess fell into steep decline. In 1436 the construction of seagoing ships was banned and the number of smaller vessels built was reduced. The reason for this growing isolation and introspection is not entirely clear. It would appear that the failure to continue with Zheng He's great voyages was the result of several factors: a political shift in the attitude of the Ming dynasty; the moving of the imperial capital from Nanjing to Beijing in 1421, which led to heightened sensitivities about the northern border and reduced interest in oceanic and coastal priorities; and growing concern about both the cost of the maritime voyages and the relative failure of the military expeditions against the Mongols in the north.[26] There was also an anxiety that the coastal centres, with their links to other lands, might act as an alternative source of power, the maintenance of social order and control always being a prime consideration for Chinese

rulers. Perhaps also the underlying Chinese belief that their civilization was far superior to those of the barbarians (especially the nomadic cultures to its north,[27] which intensified under the Ming in an ethnic reaction to the previous Mongol rule, made such an autarchic and isolationist view seem natural.

Between 1500 and 1800, stagnation gave way to vigorous economic growth and reasonable prosperity. There was a steady increase in the food supply, due to an increase in land under cultivation - the result of migration and settlement in the western and central provinces, greater productivity (including the use of new crops like corn and peanuts) and better irrigation.[28] These developments sustained a fivefold increase in China's population between 1400 and 1800, whereas between 1300 and 1400 it had fallen sharply.[29] China's performance during this period has tended to be overshadowed by the dynamism of the earlier medieval economic revolution; unlike during the Song dynasty, this later growth was achieved with relatively little new invention. In the eighteenth century China remained the world's largest economy, followed by India, with Europe as a secondary player. Adam Smith, who saw China as an exemplar of market-based development, observed in 1776 that 'China is a much richer country than any part of Europe.'[30] It was not until 1850, indeed, that London was to displace Beijing as the world's largest city.[31]

A model of one of Zheng He's ships, shown in comparison to one of Christopher Columbus's



Map 7. Zheng He's Expeditions

As we saw in Chapter 2, Britain was able to escape the growing resource constraints at the end of the eighteenth century by deploying the resources of its colonies, together with an abundant supply of accessible domestic coal. But what exactly happened to China, which enjoyed neither? There was almost certainly enough capital available, especially given the relatively small amounts involved in the take-off of the cotton industry in Britain. Although Chinese merchants did not enjoy the same kind of independent and privileged status that they did in Britain, always being subordinate to the bureaucracy and the landowning gentry, they were widely respected and enjoyed growing wealth and considerable power.[32] There may have been rather less protection for investment in comparison with Europe, but nonetheless there were plenty of very large Chinese enterprises. China's markets were no less sophisticated than those of Europe and were much longer established. Mark Elvin argues that the reason for China's failure was what he describes as a 'high-level equilibrium trap'.[33]

China's shortage of resources in its densely populated heartlands became increasingly acute: there was a growing lack of wood, fuel, clothing fibres, draught animals and metals, and there was an increasing shortage of good farmland. Hectic deforestation continued throughout the nineteenth century and in some places the scarcity of wood was so serious that families burned little but dung, roots and the husks of corn. In provinces such as Henan and Shandong, where population levels were at their most dense, forest cover fell to between 2 per cent and 6 per cent of the total land area, which was between one-twelfth and one-quarter of the levels in European countries like France at the time.[34] The pressure on land and other resources was driven by the continuing growth of population in a situation of relative technological stasis. Lacking a richly endowed overseas empire, China had no exogenous means by which it could bypass the growing constraints.

With the price of labour falling, profit margins declining and static markets, there was no incentive to invest in labour-saving machinery; instead there was a premium on conserving resources and fixed capital. In such a situation there was little reason to engage in the kind of technological leap into the factory system that marked Britain's Industrial Revolution. In other words, it was rational for the Chinese not to invest in labour-saving machinery. As Elvin argues:

In the context of a civilization with a strong sense of economic rationality, with an appreciation of invention such that shrines were erected to historic inventors . . . and with notable mechanical gifts, it is probably a sufficient explanation of the retardation of technological advance.[35]

With growing markets and a rising cost of labour, on the other hand, investment in labour-saving machinery was entirely rational in the British context and was to unleash a virtuous circle of invention, application, increased labour productivity and economic growth; in contrast, China remained trapped within its old parameters. In Britain the domestic system, based on small-scale family units of production, proved to be the precursor of the factory system. In China, where such rural industrialization was at least as developed as it was in Britain, it did not. While Britain suggested a causal link between the domestic and the factory systems, this was not true

in China: widespread rural industrialization did not lead to a Chinese industrial revolution.[36]

THE CHINESE STATE

The most striking difference between Europe and China was not in the timing of their respective industrializations, which in broad historical terms was similar, separated by a mere two centuries, but rather the disparity between the sizes of their polities, which has persisted for at least two millennia and whose effects have been enormous. It is this, above all, which explains why Europe is such a poor template for understanding China. After the collapse of the Roman Empire, Europe was never again to be ruled, notwithstanding the ambitions of Napoleon and Hitler, by an imperial regime with the capacity to exercise centralized control over more or less the entire continent. Political authority, instead, was devolved to many small units. Even with the creation of the modern nation-state system, and the unification of Germany and Italy, Europe remained characterized by its division into a multi-state system. In contrast, China retained the imperial state system that emerged after the intense interstate competition - the Warring States period - that ended in the third century BC, though this was to assume over time a range of different forms, including, as in the case of the Mongol Yuan and the Manchu Qing dynasties, various phases of foreign rule.[37] Apart from Outer Mongolia, China's borders today remain roughly coterminous with those the country acquired during the period of its greatest geographical reach under the Qing dynasty (1644- 1912). China's equilibrium state has been that of a unified agrarian empire in contrast to Europe, which for two millennia has been an agglomeration of states.[38]

From this follows a fundamental difference in contemporary Chinese and European attitudes: while the Chinese attach greater importance to unity than literally anything else, the Europeans overwhelmingly believe in the nation-state rather than European-wide sovereignty, the European Union notwithstanding. The underlying strength of the Chinese desire for unity is illustrated by the fact that, while the rise of nationalism in Europe in the nineteenth century resulted in the break-up of old empires and the creation

of many new states, this has never happened, and shows no sign of happening, in China. The Chinese commitment to unity has three dimensions: the fundamental priority attached to unity by both the state and the people; the central role expected of the state in ensuring that this unity is maintained; and a powerful sense of a common Chinese identity that underpins this overarching popular commitment to unity. This unity could never be taken for granted: China has spent around half its history in varying degrees of division, which, in the light of the country's size and diversity (far greater than that of Europe), is not surprising. As a result of its attachment to unity, China has largely escaped the intra-state wars that have scarred Europe's history over many centuries, though its periods of disunity and fragmentation have often carried a very heavy cost in terms of war and famine, notably from the mid nineteenth to the mid twentieth century, when it was chronically divided.[39] China's frequent experience of disunity and its baleful consequences have served to reinforce its commitment to unity, a tradition that began with Confucius - who, living during the Warring States period, was witness to the huge cost of instability and conflict, and preached the importance of harmony.

A further difference between the Chinese state and the various European states was that the former never faced competition from rival elites seeking to limit its power. By the mid tenth century, the Chinese aristocratic elites had been destroyed, with the consequence that no elite enjoyed authority independent of the state. The opposite, in fact, was the case, with the bureaucratic elite enjoying unrivalled authority and numerous privileges, and all other elites dependent for their position on the patronage of the state.[40] The key mechanism for the selection of the bureaucratic elite was the imperial examination system, which had been more or less perfected by the time of the Tang dynasty (AD 618-907)[41]. Although the nobility enjoyed an advantage in these exams, they were open to a wide cross-section of society, and were the means by which recruitment to the imperial elite was greatly broadened. Knowledge of the Confucian classics formed the core of the exams and served, for successful and unsuccessful candidates alike, to articulate and reinforce a common set of values.[42] Whereas in Europe the elites remained relatively autonomous, except at extreme moments like war, the Chinese elites were absorbed by and became effectively part of the state, often being called upon to act on its behalf. The imperial bureaucracy, under the aegis of the emperor, faced no challenge

from a Church (after the seizure of Buddhist properties in the ninth century), a judiciary, a landed aristocracy, the military or an urban bourgeoisie.[43] The most important exception was the tradition of the literati, like Confucius himself, who were given licence to write critical things provided that they, in effect, removed themselves from everyday society.

The Chinese state was thus never constrained by independent power elites in the manner of Europe: it enjoyed universal and unchallenged authority. While the boundaries between the state and society in Europe were clearly delineated and constantly contested, this was not the case in China, where the frontiers remained blurred and fuzzy, as they still are today: there has been no need to define them because there were no competing social groups. Given the non-conflictual nature of state-elite relations, the boundaries between state and society were instead determined by practical issues of organization and resource constraints. In Europe, by contrast, autonomous, competing elites - nobles, clerics and burghers - fought to constrain the power of the state. Whereas the contest between state and elites in Europe was intimately bound up with both Church and class, in China the functional differentiation into scholars, peasants, merchants and tradesmen did not translate into independent bases of power or institutionalized voices.

With such a vast territory to govern, the Chinese state could not, and did not, depend solely or even mainly on physical coercion for the exercise of its rule.[44] It would have been neither feasible nor viable - the resources required being too enormous. In comparison with Japan, indeed, the military remained strikingly absent from Chinese life - at least until the early twentieth century. Instead, the power of the state has rested primarily on consent reinforced by forms of coercion. The Chinese state went to great lengths, in both the Ming and Qing periods, to inculcate in the population a sense of shared values and culture based on Confucian principles. Here was another contrast with Europe, where such matters were not considered to be the responsibility of the state and, until the late nineteenth century, were left in the hands of the Church.[45] The Chinese state saw moral instruction, amongst both the common people and the elites, as both desirable in itself and also as a means of exercising social control. For the elites, the state required that the Confucian classics be taught in schools as well as in preparation for the imperial exams. It promoted lectures for the common people on the virtues of Confucian behaviour, and imperial edicts frequently

adopted a moral tone on issues such as social hierarchy and the payment of taxes. The state also sought to promote the worship of particular deities, while at the same time discouraging those which it saw as potential sources of social unrest.[46] On these matters, it was, with the exception of religious control, many centuries in advance of European states, which only began to concern themselves with such questions after the emergence of the modern nation-state and concomitant nationalism in the late nineteenth century. As the historian Bin Wong suggests: 'From a Chinese perspective, the lack of concern for education and moral indoctrination in Europe constitutes a basic limitation on European rule, no less important than the absence of representative political institutions in China.'[47] The same can be said of the manner in which the Chinese state, as a matter of course, engaged in surveillance of the population - by registration and other means - in order to be better able to anticipate sources of dissatisfaction and potential unrest.[48] A crucial mechanism in the exercise of social control was the clans or lineages, which were - and remain, even - far more important in China than they generally were in Europe. These were huge extended kinship groups, which traced their origins back to a common male ancestor (at the time of the 1949 Revolution there were still fewer than 500 surnames in China),[49] and were based on formal membership. They enjoyed huge authority, with the power of expulsion and the consequent threat of social ostracism.[50]

The imperial state was mindful of the importance of good governance and the need for restraint. This notion of good governance was intimately linked to the Confucian tradition, with its stress on the moral responsibility of the rulers: a continuing feature of imperial rule, for example, was a recognition that taxes needed to be kept low so that peasants would prosper, harmony would be promoted, resistance and rebellion avoided.[51] Nor was there a complete absence of accountability: imperial rule was always haunted by the possibility that the mandate of Heaven, and therefore its right to rule, might be withdrawn. During the Zhou dynasty (1100-256 BC) emperors claimed for the first time that their sanction to govern came from a broader, impersonal deity, Heaven (*tian*), whose mandate (*tianming*) might be conferred on any family that was morally worthy of the responsibility. This doctrine proclaimed the ruler's accountability to a supreme moral force that guides the human community. The Chinese concept of Heaven differed from the Western concept of a universe created and controlled by a divine power. For the Chinese, Heaven was seen as

superior to anything on earth but it was not regarded as the creator of the universe, nor was it visualized in concrete terms. Unlike a Western ruler's accession through the doctrine of the divine right of kings, which rested solely on birth, the Chinese mandate of Heaven established moral criteria for holding power, which enabled the Chinese to distance themselves from their rulers and to speculate on their virtue and suitability.[52] A succession of bad harvests, or growing poverty, or a series of natural disasters such as floods and earthquakes, might bring into question in the minds of the people the right of a particular emperor to continue his rule: such a growing crisis of legitimacy could lead to and sustain huge popular uprisings, the last great example being the Taiping Uprising against the Qing dynasty in the mid nineteenth century, when tens of millions came to believe that the mandate of Heaven had been withdrawn.

The moral role that the Chinese state assumed was only one aspect of a very broad conception of how it conceived of its responsibilities. The mandate of Heaven meant that the state felt obliged to intervene in ecological and economic questions and also in ensuring the livelihood of the people. A striking example was the way the Qing during the eighteenth century managed granary reserves in order to ensure that the local laws of supply and demand worked in a reasonably acceptable fashion and produced relative price stability, a practice which dated back much earlier to the Yuan dynasty (1271-1368) and even before.[53] The state also took on responsibility for what were, by the standards of the time, huge infrastructural projects, such as the maintenance of the Yellow River in order to prevent flooding, and the construction of the Grand Canal, which was completed at the beginning of the seventh century.[54] In each of these respects, the Chinese state was very different from European states in that it assumed functions that the latter were only to regard as legitimate areas of concern many centuries later. In these instances too, then, developments in China prefigured those in Europe, and confound the idea of a single Eurocentric path of development that other states are destined to follow. If anything, indeed, quite the reverse: the Chinese state acquired many of the characteristics of a modern state, not least a large-scale bureaucracy, long before, on a European time-map, it should have done. Moreover, those forces that later drove the expansion of the nation-state in Europe from the seventeenth century onwards - the exigencies of warfare, the need for revenue and the demand for political representation - were very different

from the factors that shaped China's imperial state. In contrast to Europe, where no state dominated, China enjoyed overwhelming power over its neighbours for more than a millennium, [55] while political representation was to remain an alien concept, even after the 1911 Revolution and the fall of the Qing dynasty. The dynamics of state-creation in China and Europe were profoundly different in almost every major respect.[56]

IMPLOSION AND INVASION

The problems faced by the Qing dynasty (1644-1912) began to mount in the early decades of the nineteenth century. Its first taste of what lay in wait was its defeat by Britain in the First Opium War (1839-42). Then, around the middle of the century, as economic difficulties began to grow, the Qing were shaken by a series of local revolts together with four major rebellions: a Muslim rebellion in Yunnan in the south-west (1855-73), another Muslim rebellion by those of Turkic descent in the north-west (1862-73), the Nien Rebellion in the north (1853-68), and the Taiping Uprising (1850-64).[57] Of these, the Taiping was by far the most serious. With trust in the imperial regime shaken by its defeat at the hands of the British in the Opium War, together with serious floods and famine in 1848-50, the conditions were ripe for rebellion. The Taiping Uprising started in southern China and laid waste to much of the rich lower Yangzi region before moving north and west, and threatening Beijing: it is estimated that the uprising resulted in the deaths of 20-40 million people. The historian Paul Cohen describes the Taiping's ideology as 'a bizarre alchemy of evangelical Christianity, primitive communism, sexual Puritanism, and Confucian utopianism'.[58] Initially it drew considerable support from various ethnic minorities in the south which had migrated from the north, especially the Hakka, and contained a strongly anti-Manchu element (the Qing dynasty being from Manchuria).[59] The outcome remained uncertain for several years, with the rebellion only finally being crushed by the raising of new armies by the Qing and the support of British and French troops. Although the ultimate ability of the Qing to triumph indicated that it was still a robust and

powerful force, its moral authority had been seriously undermined and was never restored.[60]

Following the defeat of the Taiping Uprising, the problems posed by growing Western ambition and aggression began to move centre-stage in the 1870s and 1880s.[61] The First Opium War, in which the Qing unsuccessfully sought to resist British demands to allow the import of Indian-grown opium, led to the Treaty of Nanjing.[62] This was the first of the so-called unequal treaties and resulted in the imposition of reparations, the loss of Hong Kong, and the creation of four treaty ports in which the British enjoyed special concessions. The impact of the defeat, however, was limited. The Qing dynasty was not forced to rethink its attitudes in the light of its defeat: the imperial state, indeed, continued to perceive the British in rather similar terms to the way it regarded other foreigners, whether they were the peoples of the northern steppes and Central Asia, or its many tributary states in East Asia, like Korea and Vietnam.[63] The sense of Chinese superiority and self-confidence remained obdurate.[64] This state of affairs began to change with the Second Opium War (1857-60), which culminated in the ransacking and burning of the Summer Palace in Beijing by British and French troops and the resulting Treaty of Tianjin and the Beijing Conventions. These established a whole string of new treaty ports in which Western citizens were granted extra-territoriality; the right to foreign military bases was conceded; missionaries were given freedom to travel in the interior; and further reparations were imposed. As a result, China began to lose control over important aspects of its territory.[65] In 1884 the French succeeded in crushing the Chinese navy in a struggle for influence over Vietnam, which had long been part of the Chinese tributary system but was in the course of being colonized by France. The naval battle revealed the alarming disparity between the power of an advanced European industrial nation, even so far from its home base, and that of an overwhelmingly agrarian China. The Chinese flagship was sunk by torpedoes within the first minute of battle; in less than an hour all the Chinese ships had been destroyed and the way was clear for France to take control of Indochina.[66]

The decisive turning point was the Sino-Japanese War in 1894, which, like the war with the French, concerned China’s influence over its tributary states, in this case Korea, which had for many centuries been one of the

tributary states closest to China. The Chinese suffered a humiliating defeat at the hands of its rapidly industrializing and increasingly aggressive neighbour and in the Treaty of Shimonoseki was forced to pay huge reparations, amounting to three times the government's annual income. Korea effectively became a Japanese protectorate, though not formally until 1905. China lost Taiwan and part of southern Manchuria, four further treaty ports were created, and Japan won the right to build factories and other enterprises in one of the now numerous treaty ports. Japan's victory also proved the occasion for further demands from the Western powers and a series of new concessions from a China impotent to resist.[67] By the turn of the century, China's sovereignty had been severely curtailed by the growing presence of Britain, France, Japan, Germany, the United States, Belgium and Russia on Chinese territory.

The Boxer Uprising in 1900, which received the tacit support of the Empress Dowager Cixi, who held de facto power over the Qing government between 1861 and 1908, was occasioned by growing anti-Western sentiment and resulted in widespread attacks on foreign missionaries and other Westerners. Eventually a joint foreign army drawn from British, Japanese, French and American troops marched on Beijing, suppressed the uprising and then proceeded to base itself in the Forbidden City for over a year. Further concessions were extracted from the Chinese authorities, including another round of reparations. Although China was not colonized, in effect it became a semi-colony, with foreign troops free to roam its territory, the treaty ports resembling micro-colonies, missionaries enjoying licence to proselytize Western values wherever they went,[68] and foreign companies able to establish subsidiaries with barely any taxation or duties. China was humiliated and impoverished.[69] The fact, however, that it never became a colony, even though the Japanese were later to occupy Manchuria and then conquer lands much further to the south, was of great importance for China's ability to revive after 1949.

Major Unequal Treaties Imposed on China

Treaty of Nanjing (1842) with the United Kingdom
Treaty of the Bogue (1843) with the United Kingdom

Treaty of Wanghia (1844) with the United States
Treaty of Whampoa (1844) with France
Treaty of Aigun (1858) with Russia
Treaty of Tianjin (1858) with France, the United Kingdom, Russia and the United States
Convention of Peking (1860) with the United Kingdom, France and Russia
Treaty of Tientsin (1861) with Prussia and the German Customs Union
Chefoo Convention (1876) with the United Kingdom
Sino-Portuguese Treaty of Peking (1887) with Portugal
Treaty of Shimonoseki (1895) with Japan
Li-Lobanov Treaty (1896) with Russia
Convention for the Extension of Hong Kong Territory (1898) with the United Kingdom
Boxer Protocol (1901) with the United Kingdom, the United States, Japan, Russia, France, Germany, Italy, Austro-Hungary, Belgium, Spain and the Netherlands
Twenty-One Demands (1915) with Japan

China's impotence in the face of growing foreign intervention stimulated a movement for reform aimed at modernizing the country. Unlike in Japan, however, it failed to command anything like a consensus, its base never extending beyond a small elite, with the consequence that reform was always a hesitant and piecemeal process. It was driven by a small coterie of imperial civil servants, together with various writers and scholars, such as Kang Youwei, a well-connected man adept at showing how new ways of thinking were compatible with traditional Confucian texts.[70] The imperial government for the most part, however, neither understood nor accepted the necessity, let alone the urgency, of modernization, remaining passive or actively opposed - unlike in post-1868 Japan, where the state was the key agent of modernization. Nonetheless, there was some reform of the armed forces and various ministries, including the establishment for the first time of a diplomatic presence in major capitals like London and Paris, while the educational curriculum was revised after the turn of the century to include Western disciplines. In 1898 the reform movement reached its apogee when

it finally received the formal blessing of the imperial hierarchy, but the imprimatur only lasted for a few months.[71]

One of the major problems facing the reformers was that modernization became intimately associated with the West at a time when the latter was colonizing and humiliating the country: far from being seen as patriots, they were regarded as tainted by the West or, worse, as traitors. As a result, the growing hostility amongst the Chinese towards the West was to work against the process of reform. The fact that China enjoyed such a unitary and centralized system of government also conspired to inhibit and stifle the development of alternative reforming impulses, in contrast to Japan, where authority was more dispersed. This problem was compounded by the hegemony enjoyed by Confucian thought, which made it very difficult for other ways of thinking to gain ground and influence. Until around 1900 the idea of reform was virtually always articulated within a Confucian framework - with an insistence on the distinction between Chinese 'essence' and Western 'method' (or, in the famous phrase of Zhang Zhidong (1837-1909), 'Chinese learning for the essential principles, Western learning for the practical applications').[72] After the turn of the century, other modes of thought began to acquire some traction, including socialist and Marxist ideas amongst sections of the intelligentsia,[73] a process that culminated in the 1911 Revolution largely being inspired by Western thinking. [74] Although Confucianism certainly declined during this period, it did not die. Nor should it be regarded as having been, or being, inherently incompatible with, or fundamentally antithetical to, change and reform.[75] However, it was in urgent need of revitalization through a process of cross-fertilization with other ways of thinking, as had happened to it in earlier periods of history with Buddhism and Taoism.

By the early years of the twentieth century, the Qing dynasty faced an intensifying crisis of authority. Constantly required to seek the approval of the occupying powers, it enjoyed only very limited sovereignty over its territory. Its economic situation, exacerbated by the enormous reparations that it was forced to pay, which required the government to depend on loans from foreign banks in order to meet its obligations, meant that it was permanently in dire financial straits. The armies that it had depended on to crush the various rebellions, notably the Taiping Uprising, behaved in an increasingly independent manner, and the regime faced gathering disaffection and disillusionment amongst growing sections of the

population, with a rising tide of anti-Manchu sentiment directed against the Qing. The Qing finally fell following the 1911 Revolution, after 266 years in power, bringing down the curtain on over two millennia of dynastic government - the most enduring political system in world history. It was replaced by the republican government of Sun Yat-sen, but, far from ushering in a new and more hopeful era, Sun's regime proved the prelude to a further Balkanization of China, in which limited sovereignty gave way to something much worse: a chronic multiple and divided sovereignty. Sun Yat-sen's Kuomintang (or Nationalist) Party was in a very weak situation, with no troops at its command or effective state apparatus at its disposal. He sought to strike a deal with the country's most powerful military overlord, Yuan Shih-kai, but the result was to render Yuan the real power in the land and to sideline Sun. After Yuan's death in 1916, the military governors that he had installed in the provinces quarrelled and shared out China between them, with the support of various foreign powers. The years 1916-28 were the period of warlordism. Not only was the country now - de facto if not de jure - divided, but also, for the first time for many centuries, military power, together with the continuing foreign presence, became the arbiter of China's future.[76]

Only between 1928 and 1937, when Chiang Kai-shek, the heir to the warlords and leader of the Nationalist Party, a position he inherited from Sun Yat-sen, became China's leader and effective dictator, was China relatively united. But even Chiang Kai-shek's power was circumscribed by a combination of the Japanese occupation of the north-east, the presence of other foreign powers and his lack of support in rural areas, together with the opposition of the Communist armies in the south (until he drove them out in the early 1930s), followed by their Long March around China in 1934-5 when they tried to evade the Nationalist offensive against them.[77] The country was to face a further trauma in 1937 with the Japanese drive southwards from their stronghold in the north-east and their seizure of the fertile eastern provinces of China, where most industry was located. The brutality of Japan's colonization, symbolized by the Nanjing Massacre in December 1937, when Japanese troops killed many tens of thousands of Chinese civilians and soldiers (and possibly as many as 300,000), was to leave a lasting impression on the Chinese and has continued to haunt Sino-Japanese relations to this day.[78] Chiang was now to pay dearly for his earlier preoccupation with the defeat of the Communists and his failure to

offer any serious resistance to the Japanese occupation of the north-east. After 1937, it was the Communists that were seen as the patriots, the standard-bearers of the fight against the Japanese and for China's independence. In the 1949 Revolution, the Communist Party led by Mao Zedong finally took power. Unlike the 1911 Revolution-which in practice proved to be one of history's commas, the prelude to almost four decades of divided authority and foreign occupation - 1949 proved to be the decisive turning point.

From this most bitter period, one is left with two crucial questions: why did China, though chronically divided, never break up; and why - despite everything - did the impact of Western and Japanese occupation prove relatively limited, at least in the long run?

In the period 1911-49, the possibility of China dividing was very real: on three occasions between 1911 and 1916 provinces actually declared independence from the central government. This, however, was done in response to particular actions by central government rather than as a matter of principle. In practice there were no alternative identities strong enough to provide a viable basis for the formation of breakaway states. There were two exceptions to this: the ultimately successful pressure for an independent Outer Mongolia between 1933 and 1941, and the de facto independence enjoyed by parts of Tibet between 1913 and 1933. But in the vast heartlands of China no such movement for separatism or independence ever acquired any serious strength. The Han Chinese identity, bolstered by new forms of anti-Manchu expression from the late nineteenth century, was simply too strong and too exclusive, while provincial identities remained ill-formed and never acquired any nationalist aspirations. Furthermore, as China entered the Western-dominated modern nation-state system, it was to experience the binding effects of modern nationalism: the centuries-old sense of cultural identity and cohesion, born of a unique kind of agrarian civilization, was reinforced by a profound feeling of grievance engendered by foreign occupation.[79]

Finally, why were the effects of foreign occupation relatively limited when elsewhere - Africa and the Middle East most obviously - they were to prove so enduring? China's vastness made colonizing the whole of it, or even the majority of it, a huge task which Britain and the United States saw no advantage in, although Japan and some of the other European nations favoured such an approach;[80] as a consequence, most of the country

remained under Chinese sovereignty. Apart from Manchuria, it was largely the many treaty ports that experienced sustained foreign occupation and these were, in effect, small enclaves (albeit, by far the most advanced parts of the country) surrounded by China's huge rural hinterland. This is not to detract from or underestimate the extent to which the country was undermined and dismembered by foreign occupation, but it fell far short of the kind of colonization experienced in Africa, for example. The fact that prior to 1800 China was an advanced agrarian economy, with widespread rural industrialization, considerable commercialization and sophisticated markets, meant that once foreign occupation came to an end, China could draw on this culture, knowledge and tradition for its industrialization. Furthermore, China enjoyed the world's oldest and most sophisticated state and statecraft, a huge resource that post- 1949 China was able to utilize with great effect. This was in striking contrast to post-colonial Africa and the Middle East, where modern states had to be created more or less from scratch. Finally, the powerful sense of Chinese identity helped China resist many of the most negative cultural and psychological effects of Western and Japanese colonialism.[81] The Chinese remained bitterly hostile towards the presence of the Western powers and the Japanese, and felt deeply humiliated by the concessions they were forced to make; this was quite different from India, for example, which learnt to accommodate the presence of the British.[82] Despite everything, the Chinese never lost their inner sense of self-confidence - or feeling of superiority - about their own history and civilization.[83] This notwithstanding, the scale of China's suffering and dislocation in the century of humiliation has had a profound and long-term effect on Chinese consciousness, which remains to this day.

AFTER 1949

By 1949 China had suffered from an increasingly attenuated sovereignty for over a century. After 1911 it had experienced not only limited sovereignty but also, in effect, multiple sovereignty,[84] with the central government being obliged to share authority with both the occupying powers (i.e., multiple colonialism)[85] and various domestic rivals. Most countries would

have found such a situation unacceptable, but for China, with its imposingly long history of independence, and with a tradition of a unitary state system dating back over two millennia, this state of affairs was intolerable, gnawing away at the country's sense of pride. The Communists were confronted with three interrelated tasks: the return of the country's sovereignty, the reunification of China and the restoration of unitary government. Although the Communists had played the key role in the resistance against the Japanese, it was the Japanese surrender at the end of the Second World War that forced their departure from China.[86] In 1949, with the defeat of the Nationalists by the Communists in the Civil War, the country was finally reunified (with the exception of the 'lost territories', namely, Taiwan, Hong Kong and Macao). The key to the support enjoyed by the Communist regime after 1949 - and, indeed, even until this day - lies, above all else, in the fact that it restored the independence and unity of China.[87] It was Mao's greatest single achievement.

After the ravages of the previous forty years, the disintegration of the imperial state and the failure of the Nationalists, the Communists had to deal with the daunting task of establishing a new ruling system. China, ever since the rise of the West, had been faced with a range of strategic choices concerning its modernization: it could reform the traditional imperial institutions, which was attempted unsuccessfully prior to 1911; it could imitate the Western model, an experiment which failed badly between 1911 and 1949; or it could develop new institutions, drawing on foreign examples where appropriate as well as on the past.[88] The last, in effect, became the Communist project, with inspiration being sought in part from the Soviet Union, although Maoism was largely a home-grown product rather than a foreign import.[89] The Communists had already acquired some initial experience of governance in the areas over which they had enjoyed limited authority during the late twenties and early thirties,[90] then in the expanding territory they controlled during the resistance against the Japanese occupation after 1937, and finally in the regions they governed during the Civil War between 1945 and 1949. One of the key problems that faced both the late imperial state and the Nationalists, under Sun Yat-sen and then Chiang Kai-shek, was a loss of control over government revenues. The People's Republic of China (PRC) - as the new regime was known - quickly reasserted central control over revenues and disbursements. Although the actual expenditure of revenues was to remain in local hands,

as it had been since the eighteenth century, central government once again determined how they should be used; there was, in this respect, a strong continuity with the late imperial state.[91]

The backbone of the new ruling system was the Communist Party. In many respects, it proved a highly effective mechanism for governing, certainly in comparison with the late imperial state and the Nationalists. The key figure was Mao Zedong. Notwithstanding his colossal abuses of power, which resulted in the deaths of millions, as the architect of the revolution and the founder of an independent and unified China, he played the central role in sustaining the popularity and legitimacy of the new regime, and he remains, even today, a venerated figure in the eyes of many Chinese, even more than Deng Xiaoping, who presided over the reform period from 1978. Prior to 1949, the Communist Party's main base of support lay amongst the peasantry, who constituted the overwhelming majority of the population, rather than in the cities, where the Nationalists were strong. This was very different from the Bolsheviks in the USSR, whose support was concentrated in the cities and was very weak in the countryside.[92] The underlying strength and resilience of the new regime was demonstrated by the ability of the Communist Party to renew itself after the death of Mao.[93] Despite the calamities of the Great Leap Forward and the Cultural Revolution, both of which Mao had been responsible for, the Communist Party succeeded in restoring its legitimacy amongst the people and then embarking on a very different kind of economic policy, which led to a sustained period of extremely rapid economic growth and a remarkable transformation in China's situation and prospects.

Judgements about the post-1949 era have - both in China and the West, albeit in differing ways - placed overwhelming emphasis on the extent to which it represented a new departure, a rupture in the continuity and tradition of China. The reasons for this are not difficult to understand. The Chinese Communists - like the communist tradition more widely - sought to underline the extent to which they represented an utterly new kind of regime marking a complete break with the past. That, after all, is what revolutions are supposed to be about, especially socialist revolutions. The Communist Party directed its venom against many Chinese traditions, from the long-standing oppression of women to Confucian notions of hierarchy, and carried out a sweeping land reform in the name of class struggle. Meanwhile the West, with the exception of a brief period during the Second

World War, has, more or less ever since the 1917 October Revolution, regarded Communist regimes as the devil incarnate. As a result, too little attempt has been made to understand them in their historical and cultural context, to appreciate the continuities with previous history and not just the discontinuities. In sum, for a variety of reasons, there has been a tendency to overlook the powerful lines of continuity between post-1949 China and the dynastic period. As Bin Wong points out, while the overt differences between Confucian and Communist ideology are clear - hierarchy versus equality, conservatism versus radicalism, harmony versus conflict - there are also important similarities between the two traditions. As in the Maoist period, for example, the Confucian tradition also emphasized the need to reduce inequality, limit the size of landholdings and redistribute land. Similarly, as we discussed earlier, the state's responsibility for moulding the outlook of the people is an old Chinese tradition, which the Communists have simply perpetuated in a distinctive form. The same can be said of the state's role in economic and social security, which the Communists continued during the Maoist period in the form of the 'iron rice bowl', with state enterprises required to provide employees with housing, education and health, as well as lifelong employment.[94]

There are political parallels, too. Both the Confucian and Communist modes of rule involved an implicit contract between the people and the state: if the state failed to meet its obligations then the peasants had, according to Mencius (551-479 BC; the foremost disciple of Confucius), a right to rebel. In the imperial era this took the form of the mandate of Heaven; in the Communist era it was expressed, in the name of class struggle, in the right of the proletariat to resist and defeat the bourgeoisie, which during the Maoist era was the pretext for the many top-down mass mobilizations that eventually culminated in Mao's own assault on the Communist state in the enormously destructive Cultural Revolution. The relationship between state and subject in both traditions was authoritarian and hierarchical, and very different from the Western tradition with its narrative of political rights and formal representative institutions. There are other examples of continuity. Confronted with the problem of the gulf between the cities and the countryside, both acknowledged the need to rule them differently. While the Confucian tradition recruited a governing elite consisting of the highly educated and literate by means of the imperial examination system, the Communists, faced with the same task, used the

Party as their means of recruitment to the state. Finally, in the Communist as in the Confucian tradition, elites were seen as an appendage of the state rather than as independent groups with their own forms of organization and power. The absence of a civil society and an autonomous public realm in Communist China is not a new phenomenon: China has never had either.

There are, thus, powerful continuities between the Communist tradition and dynastic history. The PRC is an integral part of Chinese history and can only be understood in that context.[95] The historian Wang Gungwu argues that the new Communist state was 'a replacement for the old emperor-state', and that 'Mao Zedong effectively restored the idea of a charismatic founder-emperor and behaved, and he was treated very much, like an emperor with almost no limits on his power.'[96] Suisheng Zhao makes a similar point rather differently:

A Chinese nation-state was forged under the leadership of the Communist Party and the guidance of Marxism. However, it had far more to do with Chinese nationalism, with the reassertion of China's former glory and future modernization, than with the universal principles of communism.[97]

As we shall see in Part II , the contours of Chinese modernity bear the imprint not just of the Communist present but, far more strongly, that of the Chinese past.

ECONOMIC TAKE-OFF

Ultimately China was undermined in the nineteenth century by its failure to industrialize at more or less the same time as the Western powers and Japan. From around 1860 there were significant examples of Chinese industrial development that were comparable with those in Japan, notably in Shanghai. [98] But, given China's vast size, they were too limited and too scattered. China, above all, lacked two crucial ingredients of Japan's modernization: a strong modernizing state and a prosperous agrarian sector that could generate the surpluses needed to fund industrialization.[99] In the

second half of the nineteenth century, Chinese agriculture stagnated or even regressed as a result of the destruction wrought by civil war, insurrections, the rising price of silver, floods and famines. Worse, after the defeat by the Japanese in 1894, China was almost bankrupted by the terms of its reparation payments and then found itself defenceless in the face of yet further Western and Japanese demands.[100] The Western powers exploited China's vulnerability by carving out new spheres of influence and acquiring the so-called 'leased territories'. [101] Foreign capital poured into China as the number of foreign businesses expanded rapidly, keen to exploit a situation where they could operate virtually without restraint or discrimination.[102] By 1920, Jacques Gernet writes:

the whole Chinese economy was dependent on the big foreign banks in Shanghai, Hong Kong, Qingdao, and Wuhan, and on powerful [foreign] companies . . . The customs, the administration of the salt tax, and the postal service were run by foreigners, who kept all the profits. Western and Japanese warships and merchant shipping were everywhere - in the ports, on the coast, and on the Yangzi River network. Apart from a few Chinese firms . . . the whole modern sector of industry (cloth mills, tobacco factories, railways, shipping, cement works, soap factories, flour mills and, in the towns, the distribution of gas, water and electricity, and public transport) was under the control of foreign companies.[103]

China's plight during this period is illustrated by the fact that in 1820 its per capita GDP was $600, in 1850 it was still $600, by 1870 it had fallen to $530, in 1890 it was $540, rising very slightly to $552 in 1913 - still well below its level in 1820, almost a century earlier. By 1950 it had fallen to a mere $439, just over 73 per cent of its 1820 level, and lower than in 1850.[104] These figures reveal the disastrous performance of the Chinese economy over a period of 120 years, with foreign intervention and occupation being the single most important reason. It is hardly surprising that China now refers to the period 1850- 1950 as the 'century of humiliation'. Over eighty years after the Meiji Restoration - and well over a century and a half since the commencement of Britain's Industrial Revolution - China had barely begun its economic take-off.

Apart from restoring the country's unity, the central task facing the PRC was industrialization. To this end, it engaged in a huge project of land redistribution and the creation of large communes, from which it extracted considerable agricultural surpluses in the form of peasant taxes, which it then used to invest in the construction of a heavy industry sector. Its economic policy marked a major break with past practice, eschewing the use of the market and relying instead on the state and central planning in the manner of the Soviet Union. Despite the wild vicissitudes of Mao's rule, China achieved an impressive annual growth rate of 4.4 per cent between 1950 and 1980,[105] more than quadrupling the country's GDP[106] and more than doubling its per capita GDP.[107] This compared favourably with India, which only managed to increase its GDP by less than three times during the same period and its per capita GDP by around 50 per cent.[108] China's social performance was even more impressive. It enhanced its Human Development Index (a measure of a country's development using a range of yardsticks including per capita GDP, living standards, education and health)[109] by four and a half times (in contrast to India's increase of three and a half times) as a result of placing a huge emphasis on education, tackling illiteracy, promoting equality (including gender) and improving healthcare.[110] This strategy also enabled China to avoid some of the problems that plagued many other Asian, African and Latin American countries, such as widespread poverty in rural areas, huge disparities of wealth between rich and poor, major discrepancies in the opportunities for men and women, large shanty towns of unemployed urban dwellers, and poor educational and health provision.[111] The price paid for these advances, in terms of the absence or loss of personal freedoms and the death and destruction which resulted from some of Mao's policies, was great, but they undoubtedly helped to sustain popular support for the government.

The first phase of Communist government marked a huge turnaround in China's fortunes. During these years, the groundwork was laid for industrialization and modernization, the failure of which had haunted the previous century of Chinese history. The first phase of the PRC, from 1949 to 1978, reversed a century of growing failure, restored unity and stability to the country, and secured the kind of economic take-off that had evaded previous regimes. Despite the disastrous violations and excesses of Mao, the foundations of China's extraordinary transformation were laid during

the Maoist era. The 1949 Revolution proved, unlike that of 1911, to be one of China’s most important historical turning points.

5

Contested Modernity

Since we got there first, we think we have the inside track on the modern condition,
and our natural tendency is to universalize from our own experience. In fact, how
ever, our taste of the modern world has been highly distinctive, so much so that John
Schrecker has seen fit to characterize the West as 'the most provincial of all great
contemporary civilizations' . . . Never have Westerners had to take other peoples'
views of us really seriously. Nor, like the representatives of all other great cultures,
have we been compelled to take fundamental stock of our own culture, deliberately
dismantle large portions of it, and put it back together again in order to survive.
This circumstance has engendered what may be the ultimate paradox, namely that
Westerners, who have done more than any other people to create the modern world,
are in certain respects the least capable of comprehending it.

Paul A. Cohen, Discovering History in China

When a Western tourist first sets foot in Shanghai, Tokyo or Kuala Lumpur, peers up at the shiny high-rise buildings, casts an eye over the streets

teeming with cars, walks around the shopping malls filled with the latest, and often familiar, goodies, his reaction is frequently: ‘It’s so modern!’, and then, with barely a pause for breath, ‘It’s *so* Western.’ And so, at one level, it is. These are countries in which living standards have been transformed - in a few cases, they are now on a par with those in the West. It is hardly surprising then that they share with the West much of the furniture and fittings of modernity. There is a natural tendency in all of us - an iron law perhaps - to measure the unfamiliar in terms of the familiar: we are all relativists at heart. As we see objects and modes of behaviour that we are accustomed to, so we think of them as being the same as ours. When we recognize signs of modernization and progress, we regard them as evidence that the society or culture is headed in the same direction as ours, albeit some way behind. As yet one more McDonald’s opens in China, it is seen as proof positive that China is getting more Western, that it is becoming ever more like us.

Of course these impressions are accentuated by the places frequented by Westerners. Businessmen land at an international airport, travel by taxi to an international hotel, go to meetings in the financial district and then return home. This is the ultimate homogenizing experience. Modern airports are designed to look the same wherever they may be, so give or take an abundance of Chinese eateries, Hong Kong’s Chek Lap Kok Airport could be Paris, Munich or Montreal. International hotels are similarly place-less, designed to meet an international formula rather than to convey any local flavour: in the lobby of an international hotel, one could be forgiven for thinking that most men on the planet wear suits, speak English and read the *International Herald Tribune*.

One might think that the experience of the expatriate who chooses to live in East Asia for a period is more illuminating. And sometimes it is. But all too often they inhabit something akin to a Western cocoon. A significant proportion of Westerners who live in East Asia are based in Singapore or Hong Kong, city-states which have gone out of their way to make themselves attractive to Western expats. Hong Kong, as a British colony for nearly a century and a half, still bears the colonial imprint, while Singapore, more than any other place in the region, has sought to make itself into the Asian home of Western multinationals, a kind of Little West in the heart of Asia. It is hardly surprising then that precious few expats in these city-states make any attempt to learn Mandarin or Cantonese: they feel there is no

need. The great majority live in a handful of salubrious, Western-style residential ‘colonies’, enjoying a life of some privilege, such that for the most part they are thoroughly insulated from the host community: living in the Mid-Levels area on Hong Kong Island or Discovery Bay is a very different experience from Shatin in the New Territories.

The net result is that most Westerners, be they tourists, businessmen or expats, spend most of their time in a familiar, sanitized, Western-style environment, making the occasional foray into the host culture rather than actually living in it: they see these countries through a Western distorting mirror. It would be wrong to suggest that we can understand nothing from observing the hardware of modernity - the buildings, malls, consumer products and entertainment complexes: they tell us about levels of development, priorities, and sometimes cultural difference too. However, the key to understanding Asian modernity, like Western modernity, lies not in the hardware but in the software - the ways of relating, the values and beliefs, the customs, the institutions, the language, the rituals and festivals, the role of the family. This is far more difficult to penetrate, and even more difficult to make sense of.

THE RISE OF EAST ASIAN MODERNITY

For the first half of the twentieth century the cluster of countries that had experienced economic take-off in the nineteenth century continued to dominate the elite club of industrialized nations, with virtually no additions or alternations. It was as if the pattern of the pre-1914 world had frozen, with no means of entry for those who had missed the window of economic opportunity afforded during the previous century.[1] In the 1950s the school of ‘dependency theory’ generalized this state of affairs into the proposition that it was now impossible for other countries to break into the ranks of the more advanced nations. But there were good reasons why the economic ground froze over. While large parts of the world had remained colonized the possibilities of economic growth and take-off were extremely limited. Futhermore, two world wars sapped the energies not only of the main combatants but of much of the rest of the world as well.

From the late 1950s onwards, there appeared the first stirrings of profound change in East Asia. Japan was recovering from the ravages of war at great speed - but as a fully paid-up member of the pre- 1914 club of industrialized countries, its economic prowess was hardly new. Rather, what caught the eye was the rapid economic growth of the first group of Asian tigers - South Korea, Taiwan, Singapore and Hong Kong. They were small in number and even smaller in size - a medium-sized nation, a small country and two tiny city-states, all newly independent, apart from Hong Kong, which was still a colony. They had, in varying degrees, been debilitated by the war, in Korea's case also by the Korean War, and were bereft of natural resources,[2] but they began to grow at breakneck speed, with Taiwan and South Korea often recording annual growth rates of close to double-digit figures in the following three decades.[3] By the late 1970s they had been joined by Malaysia, Thailand and Indonesia. Some of the later Asian tigers - China being the outstanding example - achieved, if anything, even faster rates of growth than the early ones. The world had never before witnessed such rapid growth. (Britain's GDP expanded at a shade over 2 per cent and the United States at slightly over 4.2 per cent per annum between 1820 and 1870, their fastest period of growth in the nineteenth century.)[4] The result has been the rapid and progressive transformation of a region with a population of around 2 billion people, with poverty levels falling to less than a quarter by 2007 (compared with 29.5 per cent in 2006 and 69 per cent in 1990).[5]

The myth that it was impossible for latecomers to break into the club of advanced nations has been exploded. The Asian tigers have instead demonstrated that latecomers can enjoy major advantages: they can learn from the experience of others, draw on and apply existing technologies, leapfrog old technologies, use the latest know-how and play catch-up to great effect. Their economic approach, furthermore, has largely been homespun, owing relatively little to neo-liberalism or the Washington Consensus - the dominant Western ideology from the late seventies until the financial meltdown in 2008.[6] Nor is their novelty confined to the economic sphere. The Asian tigers have given birth to a new kind of political governance, namely the developmental state, whose popular legitimacy rests not on democratic elections but the ability of the state to deliver continued economic growth.[7] The rise of the Asian tigers, however, has an altogether more fundamental import. Hitherto, with the exception of Japan,

modernity has been a Western monopoly. This monopoly has now been decisively broken. Modernization theory, which was very influential in American scholarship in the 1950s and 1960s, held, like Karl Marx, that the developing countries would increasingly come to resemble the developed world.[8] We can now test this proposition by reference to the East Asian experience.

SPEED OF TRANSITION

A defining characteristic of all the Asian tigers (South Korea, Taiwan, Singapore, Hong Kong, China, Malaysia, Thailand, Indonesia and Vietnam)[9] has been the speed of their transformation. In 1950 they were still overwhelmingly agrarian and had barely started the process of industrialization. In 1950 79% of South Korea's population worked in agriculture (relatively little changed from 91% in 1920); by 1960 the figure was 61%, and today it is around 10%. In the late 1960s the farming population still comprised half of Taiwan's total population, whereas today it accounts for a mere 8%.[10] The figure for Indonesia in 1960 was 75% compared with 44% today, for Thailand 84% compared with 46%, and for Malaysia 63% compared with 18%.[11] Eighty-five per cent of the population of China worked in agriculture in 1950, but today that figure is hovering around 50%. A similar story can be told in terms of the shift from the countryside to the cities. In 1950 76% of Taiwanese lived in the countryside, whereas by 1989 - in a period of just thirty-nine years - that figure had been almost exactly reversed, with 74% living in cities. [12] The urban population in South Korea was 18% in 1950 and 80% in 1994; while in Malaysia, which took off later, the equivalent figures were 27% in 1970 and 53% in 1990.[13] In China the urban population represented 17% of the total population in 1975 and is projected to be 46% by 2015.[14] We could also add Japan in this context, which experienced extremely rapid growth rates following the Second World War, its GDP increasing by a factor of over fourteen between 1950 and 1990 as it recovered from the devastation of the war and completed its economic take-off with a major shift of its

population from the countryside to the cities. Between 1950 and 1973, its most rapid period of growth, its GDP grew at an annual rate of 9.29%.

Compared with Europe, the speed of the shift from the countryside to the cities is exceptional. Germany's urban population grew from 15% in 1850 to 49% in 1910 (roughly coinciding with its industrial revolution), and 53% in 1950. The equivalent figures for France were 19% in 1850 and 38% in 1910 (and 68% in 1970). England's urban population was 23% in 1800, 45% in 1850, and 75% in 1910. In the United States, the urban population was 14% in 1850, 42% in 1910, and 57% in 1950.[15] If we take South Korea as our point of comparison (with a population broadly similar to that of Britain and France), the proportion of its population living in cities increased by 62% in 44 years, compared with 52% for England over a period of 110 years, 34% over 60 years for Germany (and 38% over 100 years), 19% over 60 years for France (and 49% over 120 years), and 28% over 60 years (and 43% over 100 years) for the United States. In other words, the rate of urbanization in South Korea was well over *twice* that of Germany's - the fastest of these European examples - and was achieved in approximately *two-thirds of the time*; it was *three times quicker* than France's, taking roughly *two-thirds of the time*, and *twice as quick* as that of the United States in *two-thirds of the time*.

The shift from the countryside to the cities, from working on the land to working in industry, is the decisive moment in the emergence of modernity. From experiencing life on the land, where little changes from one year to the next, or from one generation to another, industrialization marks a tumultuous transformation in people's circumstances, where uncertainty replaces predictability, the future can no longer be viewed or predicted in terms of the past, and where people are required to look forwards rather than backwards. In the nineteenth and first half of the twentieth century, the shift towards modernity as an increasingly mass phenomenon was confined to a small minority of the world, namely the West and Japan, but by the early twenty-first century it had become an increasingly mass phenomenon in much of East Asia too, with the change occurring far more rapidly in East Asia than it had earlier in Europe or North America. This relative speed of change had two important implications for the nature of East Asian modernities, which distinguishes them from their European and North American counterparts.

1. The Proximity of the Past

The fact that large-scale agrarian employment has been such a recent experience for the Asian tigers means that the past is heavily imprinted on the present and the legacy of tradition remains a living force in the era of mass modernity. Let me put this point in more human terms. In South Korea and Taiwan, the great majority of grandparents, around half of parents over fifty, and significant numbers of those over forty, will all have spent at least some of their lives working on the land. In China, where half the population still works on the land, that rural imprint is commensurately larger: not only will the great majority of grandparents have worked on the land, but so will the great majority of those over forty. As one would expect, this has a profound influence on the way in which people think and behave. Almost three-quarters of the inhabitants of Taipei, for instance, regard themselves as migrants: every Chinese New Year, the trains are booked for weeks in advance and Taiwan's north-south expressway is clogged for hours on end as the vast bulk of the capital's inhabitants make the journey south to celebrate the festival back in what they still regard as their ancestral homes. The same kind of phenomenon is repeated throughout East Asia. Shanghai is a huge metropolis of 20 million people, plus more than 3 million who move in and out of the city every day seeking work of one kind or another, including many farmers who occupy numerous pavements trying to sell their fruit and vegetables.[16] Shanghai, like many cities in the region, encapsulates a remarkable juxtaposition of the present and the past, of modernity and tradition existing cheek by jowl, as was once the case in European cities. The difference is that because East Asia is changing so quickly, the contrast between the past and the present is much more visible and far more pronounced than it was in nineteenth-century European cities.

Another expression of the imminence of the past can be found in people's attitudes and belief-systems. On the 1st and 15th of every month, it is common for the Chinese to burn incense and worship their ancestral spirits. Walk through the streets of Taipei, or any Chinese city, on those dates and it won't be long before you see people burning fake money as an offering to their ancestors.[17] At the Qing Ming Festival at the beginning of April, people return to their villages in huge numbers and spend the day at their ancestral graves. By Western standards, Chinese societies are not very religious, but they are extremely superstitious. Every day many Taiwanese

newspapers carry tips prominently displayed on their front pages about what to do and what not to do according to the old lunar calendar. Before any important event or decision - not least, a good night's gambling - many Chinese will visit the temple and pray to one of the deities. Even otherwise highly rational academics will have their superstitious customs. Many, for example, practise feng shui, even if they don't particularly believe in it, because it might just make a difference. In Hong Kong, no building is finalized until a feng shui expert has been consulted about its suitability and alterations duly made. In state-of-the-art computer companies in Taiwan's Hsinchu Science Park, the guy with the American doctorate hotfoot from working for years in Silicon Valley will set up a table with food and fruits, burn incense and worship the spirits for good fortune. These examples cannot be explained solely in terms of the immediate proximity of the past, since they are also clearly a function of underlying cultural difference. Whatever the reason, the persistence of pre-modern ways of thinking is a striking characteristic of many East Asian cultures.

2. The Future in the Present

As discussed earlier in the prologue to Part I, modernity is the embrace of the future as opposed to a present dominated by tradition: eyes and minds are directed forwards in time rather than backwards as previously. But the extent of the phenomenon varies. It was, and remains, more marked in the United States than in Europe, partly because the American transformation was faster than its European equivalents and partly because the United States, unencumbered by any kind of pre-capitalist tradition, is not weighed down by its past in the same way. But this orientation towards the future is even truer of East Asia than the United States, not because it is unencumbered by the past - on the contrary, the past looms very large indeed both in its proximity and the richness and longevity of the region's history - but because the speed of transformation has generated a completely different experience and expectation of change. In contrast to Europe and the United States, these countries are characterized by a form of hyper-modernity: an addiction to change, an infatuation with technology, enormous flexibility, and a huge capacity for adaptation.

Thus, if the imminence of the past is one aspect of Asian modernization, another, paradoxically, is its polar opposite, the embrace of the future and a powerful orientation towards change. This is not surprising. If an economy is growing at around 10 per cent a year - or doubling in size every seven years or so - then people's experiences and expectations are quite different from those in a Western economy expanding at 2 per cent a year. These are not just abstract macro figures: assuming that income distribution is reasonably egalitarian, which it has been in much of East Asia[18] (though no longer in China), then turbocharged growth means a continuing revolution in the living standards of most of society, huge shifts in employment patterns, rapid urbanization, sweeping changes in the urban landscape and accelerated access to a growing range of consumer products, all within less than a generation. These are growth rates that no society has previously experienced, that transform institutions like the family, that offer enormous opportunities but also place new and immense strains on the social fabric. For Britain that kind of shift took the best part of two centuries; for the early Asian tigers it has taken less than forty years. To deal with such change requires a psychology and a mindset, both on the part of the individual and society, which is quite different from the European or North American experience. As Hung Tze Jan, a successful writer who has since become one of Taiwan's leading cyber entrepreneurs, philosophically remarked: 'We have had to change our value system so many times in such a short space of time.'[19] The result, not surprisingly, is a highly developed pragmatism and flexibility; otherwise it would be quite impossible to cope with such rapid change.

The propensity for rapid change is reflected in the distinctive character and structure of East Asian cities. Unlike European cities - or, indeed, American cities - where the height and character of buildings are carefully regulated and space arranged in zones according to use, Asian cities have no such order: they grow like Topsy, with every area having a little bit of everything and buildings coming in all shapes and sizes. While Western cities generally have a definable centre, Asian cities rarely do: the centre is in a perpetual state of motion as a city goes through one metamorphosis after another, resulting in the creation of many centres rather than one. Shanghai, for example, offers the area around the Shanghai Centre, Lujiazui, the Bund, Hongqiao and Xijiahui, as well as Pudong. Kuala Lumpur had the golden triangle, then KLCC, followed by Putrajaya. Tokyo,

like Taipei and Seoul, has grown without method or concept, the product of spontaneous development. The lack of rules, regulations and order that is typical of East Asian cities produces an eclectic and intoxicating mix of benign chaos, compressed energy and inchoate excitement. People make it up as they go along. They try things out. They take risks. Seemingly the only constant is change. Scrap and build is a classic illustration, with little importance attached to conservation, in marked contrast to Europe.[20] Whereas European cities for the most part change relatively little from one decade to the next, Asian cities are constantly being turned upside down. You can rest assured that your favourite landmark in a European city - be it a cinema, a square, a building or an underground station - will still be there when you next visit; the only certainty in many Asian cities is that the furniture will once again have been rearranged so that you won't even be able to recognize the place, let alone find the landmark.[21]

Japan represents perhaps the most extreme form of this embrace of the future, or hyper-modernity.[22] Unlike Europe or the United States, you will find few old bangers on the roads, there being little demand for used cars - or anything secondhand for that matter. Instead there is a rapacious appetite for the new. Until the post-bubble crisis, Japanese car-makers thought nothing of introducing several model changes a year, rather than the Western norm of one, while the electronics firms that Japan is famous for are constantly changing their product lines. Where the Western fashion industry is happy to turn out two collections a year, one in the autumn and one in the spring, Japanese designers seem to believe in perpetual sartorial motion as one collection follows another at bewildering speed several times a year. Japanese youth have become the cognoscenti of fad and fashion, be it a new electronic game, a new look, the latest mobile phone or another Pokemon style craze. Take your chair in a Japanese hair salon and, be you man or woman, you will immediately be handed a very thick catalogue offering a seemingly infinite range of possible hairstyles and colours from which to choose. Japan is the virtuoso of consumer technology. Constant improvement and innovation are a national pastime: the scooter whose lights automatically switch on as it gets dark, the business card-holder whose lid spontaneously flips open, the toilet seat with its dazzling array of dials and controls, the virtual theme park with rides beyond one's imagination, and the dance machine which renders the need for a partner redundant.

THE CONCEPT OF MODERNITY

In his book *The Consequences of Modernity*, Anthony Giddens seeks to draw a distinction between the characteristics of modernity and pre-modernity. Speaking of pre-modern society, he argues:

The orientation to the past which is characteristic of tradition does not differ from the outlook of modernity only in being backward-looking rather than forward-looking . . . Rather, neither 'the past' nor 'the future' is a discrete phenomenon, separated from the 'continuous present', as in the case of the modern outlook.[23]

In East Asian modernity, however, the present and the past are not 'discrete', in terms of perceptions, in the way Giddens suggests, nor is the future: on the contrary, the present is layered with *both* the past and the future. In other words, the past and the future are combined in East Asian modernity in a way that is quite distinct from Western modernity. It is, at one and the same time, both very young and very old. This paradox is at its most extreme in China, the oldest continuous civilization in the world and yet now, in cities like Shanghai and Shentzen, also one of the youngest. There is a sense of enormous ambition, a world without limits, symbolized by Pudong, one of the most futuristic cityscapes, with its extraordinary array of breathtaking high-rise buildings.[24] According to Gao Rui-qian, professor of philosophy at East China National University in Shanghai, 'China is like the adolescent who is very keen to become an adult. He can see the goal and wants to reach it as soon as possible. He is always behaving as if he is rather older than he actually is and is constantly forgetting the reality of his situation.'[25] East Asian modernity, then, is a unique combination, in terms of social and economic realities, attitudes and consciousness, of the present, the past and the future. These countries might be described as 'time-compression societies', where the past and the future are squeezed and condensed into the present. Two hundred years of experience and history elsewhere are seemingly contained within the same place and the same moment of time. Everything is rushed. There is no time

to reflect. Generational differences are a gaping chasm, society like a living geological formation.

Giddens also argues that with modernity, 'Kinship relations, for the majority of the population, remain important, especially within the nuclear family, but they are no longer the carriers of intensively organized social ties across time-space.'[26] That may be true of the West but it is certainly not the case in mainland China, or Taiwan, or the Chinese diaspora: in each instance 'kinship relations', especially in the form of the extended family, are frequently 'the carriers of intensively organized social ties across time-space'. The Chinese diaspora, for example, has relied on the extended family as the means by which to organize its globally dispersed business operations, whether large or small. Taiwan, the Chinese diaspora and the more advanced parts of China are, moreover, unambiguously part of the modern world.[27] The fact is that kinship has always been far more important in Chinese than Western societies, whatever their level of development. Or take belief-systems. In his second BBC Reith Lecture in 1999, Giddens argued:

Such views, of course, don't disappear completely with modernization. Magical notions, concepts of fate and cosmology still have a hold but mostly they continue on as superstitions, in which people only half-believe and follow in a somewhat embarrassed way.[28]

This certainly does not apply to modern Chinese societies: superstition and traditional beliefs - as we saw earlier with the worship of ancestral spirits and the prayers offered to various deities in the hope of good fortune - remain an integral part of the thinking and behaviour of most Chinese.[29]

The arrival of modernization in different parts of the world and in diverse cultures obliges us, therefore, to rethink what is meant by modernity and to recognize its diversity and plurality. We can no longer base our concept of modernity simply on the experience of North America and Europe. Our understanding of modernity is changed and expanded by the emergence of new modernities. The Chinese scholar Huang Ping argues that Chinese civilization has been so different from Western societies in so many ways that it is impossible to comprehend it, and its modernity, simply by the use of Western concepts. 'Is it not a question of whether the concepts/theories

are far away from Chinese reality? China's own practice,' he concludes, 'is capable of generating alternative concepts, theories, and more convincing frameworks. '[30]

THE PRIMACY OF CULTURE

In his book *East and West*, Chris Patten, the last British governor of Hong Kong, writes: 'I find myself driven to the conclusion that what we see when we compare West and East is a consequence more of time lags than of profound cultural differences.'[31] The implication of his argument is that timing is a relatively transient question and that culture matters little. As we have seen, however, the timing and speed of industrialization and urbanization, far from being merely transient phenomena, have real and lasting effects. More fundamentally, it is a mistake to believe that cultural difference does not have a far-reaching impact on the nature of modernity. When countries are much less developed than the West - before or in the early stages of economic take-off - then it is plausible to argue that the disparities are primarily a function of their backwardness rather than any cultural difference. But the transformation of the Asian tigers, with countries like Taiwan and South Korea now at least as developed as many European nations, means that the proposition that cultural difference counts for little can now be tested in practice. The classic exemplar is post-war Japan. As we saw in Chapter 3, Japan remains, notwithstanding the fact that it is at least as advanced as the West, very different from its Western counterparts in a myriad of the most basic ways, including the nature of social relations, the modus operandi of institutions, the character of the family, the role of the state and the manner in which power is exercised. By no stretch of the imagination can Japanese modernity be described as similar to, let alone synonymous with, that of the United States or Europe.[32]

The same can be said of China. Its path towards and through modernity has been entirely different from the route followed by the West. The state is constructed in a different way and plays a different kind of role. The relationship between the present and the past is distinct, not simply because of the way in which the past bears on the process of modernization but also

because, more than any other society, China is deeply aware of and influenced by its history.[33]

The long-term persistence of cultural difference is deeply rooted. In April 1998, I interviewed two Chinese-Americans in Beijing for a television programme: they had decided to go and work in China for a year, where they had never been before, to find out what it was like and to discover more about themselves. One of them, Katherine Gin, who was in her mid twenties and had spent all her life in San Francisco, made the following observation:

I think one of the biggest differences between the Americans and the Chinese is that Americans are always trying to re-create themselves, always feel it is important to be the first person to do this or do that. Even America as a nation is always trying to re-create itself. The Chinese rarely even ask these questions, and as a nation seem to have more of a sense of where they come from. Of course, they are changing fast, but they don't ask who they are, or constantly compare themselves with others.[34]

The irresistible conclusion is that the reason why the Chinese have a deep sense of their own identity is to be found in their long, continuous and rich history; in contrast, as products of a relatively new and young nation, Americans are in constant search of their identity.

The recognition that the Chinese exhibit certain cultural traits which can be explained by their history does not imply cultural essentialism, the idea that all nations and ethnic groups have a bundle of characteristics which remain fixed and unchanged over time. On the contrary, identities are constantly changing and being renegotiated. But that does not mean that cultural characteristics stemming from profound and very long-run influences - like climate, patterns of agriculture, language, the environment, family structure, cosmological beliefs or the longevity of history - don't persist from the past and leave their mark on the present. According to Robert Boyd and Peter J. Richerson, who have extensively researched the relationship between cultural and genetic evolution, 'an enormous amount of circumstantial evidence suggests that culturally transmitted traits are stable over time and in the face of changing environments.'[35]

THE EXTENT OF WESTERNIZATION

Walk around Taipei, the capital of Taiwan, and virtually every street name is printed in English as well as Chinese. Switch on Taiwanese television and the most popular sports are basketball and baseball. Go to a movie on Saturday night and most of them, in a country internationally renowned for its film directors, are products of Hollywood. Go window-shopping in the underground mall below People's Square in Shanghai, and many of the models used in the fashion photographs are Caucasian. Wander round the huge Ba Bai Ban department store in Pudong, and you'll probably see many banners written in English. The top students at Shanghai's Fudan University want to do postgraduate studies at American universities or work for American multinationals in Shanghai. Middle-class Malaysians in their thirties are far more likely to have visited Europe or Australia than Japan and China. Go on a shopping spree in Tokyo's fashionable Harajuka or Shibuya districts and it won't be long before you find yourself singing along to a Western pop song blaring out from a boutique or coffee shop.

I vividly recall a softly-spoken Malaysian lawyer telling me: 'I am wearing your clothes, I speak your language, I watch your films, and today is whatever date it is because you say so.'[36] Even the term 'Asia' was a European invention. Everywhere you go in the region, you feel the presence of the West. The sheer power and dynamism of Western modernity has set, and reset, the agenda for East Asia for almost two centuries. From colonialism to Hollywood, from the English language to basketball, from the solar calendar to Microsoft, from the Vietnam War to the IMF, the West has been, and is, present in the East in a way that the East has never been present in the West. Only in the form of Japan has Asian modernity, until the recent rise of China, exercised a significant impact on the West. Otherwise, the presence of the East in the West is largely confined to the mainly post-colonial migration of large numbers of Chinese, Indians, Koreans and others to North America and Europe and their consequent impact on the West in terms, first and foremost, of food, but also language, religion and culture. The constant imperative, both past and present, for Asian nations to negotiate with Western power, influence and presence - first in the era of colonialism (with every East Asian country colonized apart from Japan and Thailand) and then in the post-war era of American

hegemony - constitutes a fundamental difference between East Asian and Western modernity.

This brings us to two critical questions. Firstly, to what extent have East Asian societies been influenced and shaped by Western modernity? Secondly, in the process of modernization are they becoming more Western, or less Western, or even, paradoxically, both at the same time? These questions do not lend themselves to simple answers. They vary from one society to another and from one sphere to another in any given society. History, as one would expect, affects the answers a great deal - in particular, whether or not a country was colonized, and if so when and for how long. At the one extreme lie the Philippines - first colonized by the Spanish in 1542, then by the United States in 1899, achieving independence only in 1946 - and Hong Kong, seized by the British after the First Opium War in 1842 and only returned to China in 1997; at the other lies Japan, which managed to escape colonization altogether.

In order to explore the extent of Western influence, and whether or not it is increasing, let us consider four very different examples - language, the body, food and politics.

Language

The language that a group shares is precisely the medium in which memories of their joint history can be shared. Languages make possible both the living of a common history and the telling of it . . . Every language is learnt by the young from the old, so that every living language is the embodiment of a tradition.[37]

Languages are not simply a means of communication, but embody and articulate a culture. To lose one’s language - and thousands of languages are likely to become extinct over the course of this century as they did in the last - is also to lose, in very large measure, one’s culture. As Hung Tze Jan, the successful Taiwanese publisher, puts it:

Language is essential to form an idea - as long as you keep your unique language, you keep your way of creating ideas, your way of thinking. The

traditions are kept in the language. Language was an obstacle to us going out, but it also prevented others getting inside. Language was our Great Wall.[38]

East Asia is home to almost half the top twenty most widely spoken languages in the world today. Unlike the European languages, which were essentially spread by overseas conquest (the reason why the number of English, Spanish or Portuguese speakers now greatly exceeds the population of the countries they originated from), East Asian languages have grown organically in their densely populated, rice-growing homelands, as a result of demographic trends and/or land-based territorial expansion. They are spoken overseas overwhelmingly as a result of migration and consequently only on a relatively small scale. Mandarin is the most widely spoken language in the world, far exceeding English, but the vast majority of Mandarin speakers live in China; English, by contrast, has flown the nest.

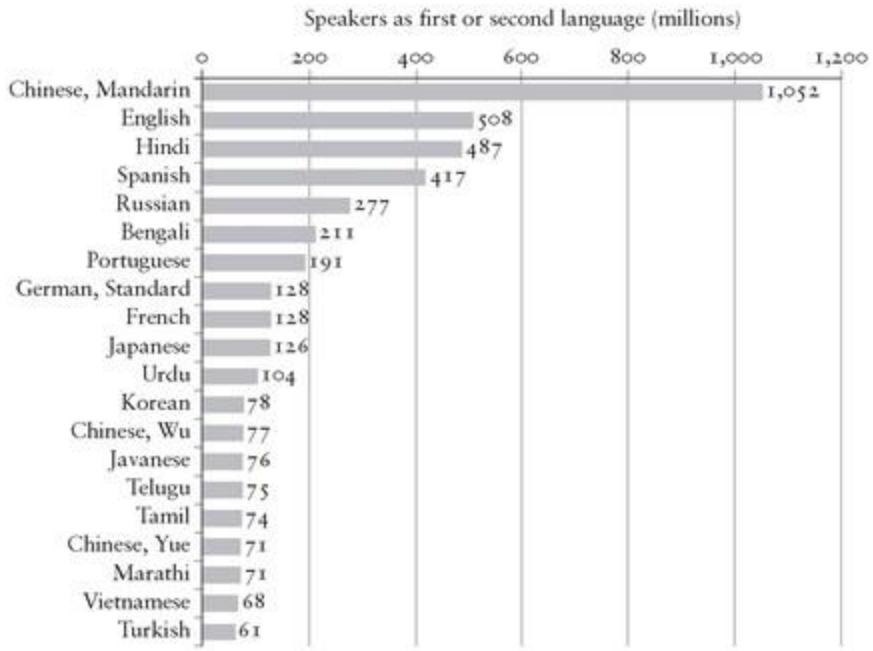


Figure 9. The world's top twenty languages.

The spread of English since 1945, driven by the global pre-eminence of the United States, has not affected the popularity of the main East Asian languages in their homelands. Not only has English failed to weaken or displace the main North-East Asian languages (Mandarin, Japanese and Korean), the languages themselves have also been relatively little touched by it. Japanese, it is true, has acquired many English loanwords, mainly nouns, but this reflects the typically Japanese way of adding foreign elements to their culture while leaving the Japanese core fundamentally untouched and unaffected.[39] It is fashionable in Japan - as elsewhere in the region - to wear T-shirts bearing an English phrase, or to have shops with English names, or to see advertising with English slogans, but this has no bearing on the extent to which the Japanese speak, or even desire to speak, English. Despite an enormous cohort of English teachers and many years of compulsory English at school, the vast majority of Japanese are unable to speak English with either enthusiasm or facility.[40] Like the English, they remain linguistically insular and unembarrassed by the fact. The Chinese, on the other hand, have become hugely enthusiastic learners of English during the last decade or so and many young educated Chinese speak the language with impressive fluency. One teacher has taken to conducting his classes in huge stadiums with over 20,000 all chanting English phrases in unison. But this Chinese enthusiasm for English in no way reflects a decline in the popularity of Chinese. On the contrary, English remains a strictly second language, acquired for the purpose of conversing with foreigners, an interlocutor language for the young, well-educated and ambitious urban elite. Chinese, unlike Japanese, possesses relatively few English loanwords - or indeed loanwords from any language - and relatively little external structural influence. It has been influenced by the rise of English, for example, in the greater use of polysyllabic words, but only in a limited way:[41] a proposal, several decades ago, to romanize Chinese by replacing characters with Pinyin transliteration came to nothing.[42]

Map 8. The Main Chinese Languages

We should not be surprised by the continuing strength and resilience of Chinese. It is a language that dates back over three thousand years. Its pictographic writing system is shared by all the various Chinese - or Sinitic - languages, including Mandarin, Cantonese, Wu and Min: over 70 per cent of Chinese, well over 800 million people, speak just one of those languages, namely Mandarin, a figure which includes various dialects like Shanghainese, and the number is steadily rising as a result of the growing influence of television and the education system.[43] The fact that all Chinese languages and dialects share the same written script, even though they are often unintelligible to each other as spoken (being comparable in their diversity to the Romance languages), has been extremely important in maintaining a wider sense of Chinese identity. Chinese managed to survive long periods of foreign occupation by the Mongols and Manchus. Although both spoke different languages, they not only failed to impose them on the Chinese, but ended up being linguistically assimilated themselves. The influence of Chinese on the neighbouring but different languages of Japanese, Korean and Vietnamese has been immense. Each originally developed writing systems for their own languages by transforming or adding Chinese characters - known as *hanja* and *kanji* in the Korean and Japanese writing systems respectively. Even though these languages are quite different in linguistic structure from Chinese, such was the prestige of ancient Chinese scholarship that, over time, they became replete with Chinese vocabulary and have remained so ever since. Those who speak Chinese often refer to it as *zhongguohuo*, or ‘centre realm speech’: Sino-centrism, or what I will describe later as the Middle Kingdom mentality, even extends to how the Chinese perceive their language. Chinese has even managed to survive the onslaught of the alphabetic age, though in reality, of course, it would be well-nigh impossible to create an alphabetic language which could act as the writing system of so many different Chinese languages and a fifth of the world’s population.[44]

The only East Asian countries in which English has acquired a central role are Hong Kong and Singapore, where it is an official language; Malaysia, where it is very widely spoken although the official language is Bahasa Malaysia; and the Philippines, where English is still an official language alongside Tagalog. Apart from the Philippines, which was an American colony, these are all former British colonies. The popularity of English in Singapore and Malaysia owes much to the fact that English - as

in India - has acted as a useful common language in a highly multiracial and multilingual environment. In the Philippines, English is used as a language of instruction in schools (from the age of twelve) in what is a complex linguistic archipelago, with Tagalog coexisting with many island dialects. The main language of Indonesia - a patchwork quilt of hundreds of languages - is Bahasa Indonesia, with the old colonial language, Dutch, now insignificant. Similarly, in Vietnam, Cambodia and Laos, all former French colonies, French, once the official language in administration and education, has long since faded into relative obscurity.

This brings us to a further question. To what extent is English now permanently established as the global second language of choice?[45] It has been steadily strengthening its position in this respect more or less everywhere, often rapidly, with East Asia no exception. At an ASEAN (Association of South-East Asian Nations) meeting, or an international academic conference in Beijing, English is likely to be the main, or one of the main, languages of the proceedings. Throughout the region, there is a very strong desire to learn English.[46] There are several reasons why it is believed that the position English has acquired is unlikely to be reversed. Very considerable amounts of both social and personal capital have already been invested around the world in its acquisition and use, which constitute a powerful reason for its continuation and extension. English has established itself as the dominant language of a global media whose influence and penetration is likely to continue to grow.[47] The global ascendancy of the United States ensures that English will remain the foremost language in most fields, from international business and science to the internet and diplomacy. Finally, as the vehicle for the promotion and transmission of the values and norms of a culture, the Anglo-Saxon world has a major vested interest in ensuring the perpetuation of English as the lingua franca, which provides it with considerable economic, political and cultural benefits.[48]

Although English enjoys a formidable battery of assets, these do not render its position impregnable. The international penetration of a language is closely linked to the power and influence of its major patron. The United States may still be globally hegemonic, but, as we saw in Chapter 1, its relative global economic position is being eroded, and this is bound to impact on the fortunes of English in the longer term. English’s dominant position on the internet is already under serious challenge and will certainly not be sustained even in the relatively short run, with the number of

Chinese users now exceeding those in the United States.[49] Although English remains the overwhelmingly dominant language of the global media, this situation is unlikely to continue indefinitely as new non-Western players enter the global media market and the main Western providers increasingly use local languages as a means of expanding their market. This process, in fact, is already well under way. Al-Jazeera, the independent Qatar-based Arab news channel, for example, broadcasts in multiple languages, as does the Indian-owned Zee TV, while Star TV in East Asia and Phoenix TV in China, both of which are owned by the Murdoch empire, broadcast in the local languages.[50] Finally, while English has enjoyed a privileged position with new technology - especially in computing - the growing diversification of technological innovation, together with the fact that computers are now able to support a large range of languages, means that English's hitherto preponderant position in this field is by no means assured.[51]

The position of English as the global lingua franca, which is a very recent development, could therefore prove to be a relatively transient phenomenon. It is not difficult to imagine English's dominance slowly being eroded and replaced by a rather more diverse scenario. As China's influence grows in East Asia, Mandarin is becoming more widely spoken, not just by Chinese around the region, but also, as a second language, by other nationalities and ethnic groups. Mandarin is being offered as an optional or compulsory language at schools in a growing number of countries, including Thailand and South Korea, and is increasingly regarded as the language of the future. In a much weaker way, this trend can also be seen in North America and Europe. As China becomes the economic centre of East Asia, a process already well under way (as we shall see in Chapter 9), there is a compelling reason why Japanese, Koreans, Vietnamese, Thais, Indonesians and Malays - to name but a few - should want to speak Chinese. The main languages of North-East Asia - Japanese, Korean and Vietnamese - moreover have far more in common with Chinese, from which they are partially derived, than they do with English.[52] It seems rather likely that in fifty years' time Chinese will have replaced, or at least joined, English as an interlocutor language in the region. If that happens, it will be the first time in China's modern history that the most widely spoken language in the world will also have acquired the status of a major second language outside its own borders.

As far as language is concerned, then, it would be quite wrong to see East Asia as subject to a one-way process of growing Westernization. The old imperial European languages, with the exception of English, are now of only marginal significance. The region's main languages remain as influential as ever in their homelands. English has, and is, greatly strengthening its position as the dominant second language, but there are reasons to doubt whether this is likely to continue indefinitely, especially given the decline of the United States and the rise of China, with its implications for the popularity of Mandarin.[53] I will discuss the rise of Mandarin more fully in Chapter 11.

The Body

The body - by which I mean its physical characteristics, especially skin colour, together with style of dress - tells a very different story. The influence of the West in these respects has been profound, especially in North-East Asia, and, to a lesser extent, South-East Asia. In Japan, South Korea, China, Taiwan and Hong Kong, everyday dress as worn by both men and women is highly Westernized - by which I mean the wearing of trousers, shirts, suits, jeans, T-shirts, skirts, blouses and dresses, for example - with traditional clothes, especially in Chinese societies, almost completely confined to relatively ceremonial occasions like weddings. The reason for the virtual disappearance of traditional attire is not obvious; after all, it is not the case in India, where the *sari* and *salwar-kameez* (Punjabi suit) for women and the *kurta-pajama* (loose top and trousers) and *bund-gala* (jacket) for men, for instance, remain ubiquitous, notwithstanding the fact that Western styles of dress are common, especially in the 'new economy' urban centres like Bangalore.

In Japan, Western dress began to spread after the Meiji Restoration. Western clothes were worn by government servants and at official ceremonies, but it was not until much later that they became popular amongst ordinary people. During wartime austerity between 1930 and 1945, simplified Japanese clothes replaced the kimono, which was seen as impractical. During the American occupation after the war, a period of large-scale Westernization, many people switched directly from wartime clothing to Western dress. Starting around 1960, Western dress became the

preferred choice of the great majority of Japanese, with the kimono largely reserved for special occasions and, in simplified form (especially for men), for relaxing at home. The traditional kimono has far from disappeared, however. On Sundays it remains a common sight in Japanese cities and is worn by women at weddings, rites-of-passage ceremonies and funerals. It has also become a working uniform in restaurants and hotels.[54]

The Western-style dress now preferred by the Japanese nonetheless retains important elements of national individuality. One example is the ubiquitous soft hat with round brim much favoured as casual wear by Japanese women. The choice of dress and footwear is also influenced by the fact that the Japanese are relatively small. Young Japanese women dress with a marked femininity, reflecting the conservative gender roles that still characterize Japanese society. For men and women alike, in dress as in so much else, there is also a strong group mentality, with less stress on individualism than is the case in the West. Thus, up to a point, there is a distinctive Japanese look, as exemplified by the *kawaii* child-woman cuteness, a girlie look which has also enjoyed some popularity outside Japan in recent years.[55] The three most famous Japanese design houses - Comme des Garçons, Yohji Yamamoto and Issey Miyake - all of which arrived on the global fashion scene in the 1970s - lie broadly within the Western tradition. However, they demonstrate a marked distinctiveness in comparison with European and American designers. Although each is very different, they are all distinguished by a strong emphasis on materials, the use of sombre and austere colours, a greater willingness to play with the boundaries, and an extremely rapid cycle of collections. While Western fashion is preoccupied with clothes that reveal and emphasize the female form, for these designers the shape of the body and the display of flesh are of much less concern. Indeed, Comme des Garçons' Rei Kawakubo avoids representing the body as overtly sexual. Collectively they can be seen as representing a modestly distinctive Japanese sartorial aesthetic within a global fashion world which remains Western-dominated.[56]

The Chinese story is different from the Japanese but ends up in a rather similar place. For thousands of years, Chinese dress was deeply entwined with social hierarchy, being one of its more important and visible expressions. Only the emperor, for example, was allowed to wear yellow; his sons were required to wear golden yellow, while nobles wore blue-black.[57] As Valerie Steel and John S. Major write:

Clothing was considered a matter of great importance in ancient China. It was an instrument of the magical aura of power through which the emperor ruled the world: in addition, it served to distinguish the civilized from the barbarous, the male from the female, the high from the base, the proper from the improper - in short, it was an instrument of order in a society dedicated to hierarchy, harmony and moderation.[58]

It is not surprising, therefore, that the 1911 Revolution, which overthrew dynastic rule, was also the occasion for a sartorial revolution. The demise of the Qing court led to the dissolution of the old rules. Foot-binding for women, which had persisted for a thousand years, disappeared as did the tradition of male queues (hair worn in a long ponytail), which had been introduced by the Manchus. Chinese dress had been the subject of growing Western influence after the Opium Wars and the establishment of the treaty ports, but the rise of nationalism after 1911 made Western dress more problematic for both sexes.[59] The result was a hybrid, the most famous example being the woman's *qipao*, better known in the West as the cheongsam, which combined Chinese, Manchu and Western elements, and which became indelibly associated with Shanghai in the 1930s. Its heyday was between 1930 and 1950, though it persisted for rather longer amongst the overseas Chinese, especially in Hong Kong.[60]

The 1949 Revolution ushered in a new sartorial era. The Communist regime regarded the old styles of Chinese dress as a relic of the feudal past. In their place, the regime encouraged an egalitarian mode of dress that was loosely based around the Sun Yat-sen uniform, wrongly described in the West as the Mao suit. The Sun Yat-sen uniform, featuring a high-collared tunic, was, like the *qipao*, a hybrid style, and drew on Japanese, German and Soviet military influences. The ubiquitous Maoist style of dress, in contrast, was partly inspired by the traditional trousers, tunic and black cotton shoes of the Chinese peasant. There were no government edicts concerning dress, but the new Maoist style clearly reflected the egalitarian principles of the regime, as well as the poverty of the country.[61] Only after 1978 did this state of affairs slowly begin to change to the point where Chinese cities are now overwhelmingly dominated by Western-style dress.[62] The Maoist style of dress has almost entirely disappeared, as has

the Sun Yat-sen uniform previously worn by government officials - to be largely replaced by the Western suit. The only element of traditional Chinese dress that persists amongst ordinary people is the Chinese jacket, which still remains popular, especially amongst the old. Trousers are very widely worn by women, more so than in the West, which is in part a continuation of a much older Chinese tradition, trousers never having had the masculine connotation they once did in the West.[63] Otherwise there is little evidence of traditional Chinese wear, in either traditional or modernized form, for men or women. The only exception is a recent minor revival of the *quipao* amongst waitresses and hotel staff.

Various designers have sought to reintroduce traditional themes into modern Chinese dress. The best known example is David Tang's Shanghai Tang label, but it has experienced only limited success, with the clothes in its Hong Kong shops mainly bought by Westerners. Blanc de Chine, another Hong Kong firm, has similar ambitions, as does Shiatzy Chen in Taipei. Designers like Vivienne Tam, Amy Chan and Anna Sui - based mainly in the West - have also explored the use of Chinese elements in their designs. Notwithstanding these efforts, the striking feature of modern Chinese dress - certainly in contrast to India - is how Westernized it is and how little it incorporates traditional Chinese elements.[64] Over the last decade, meanwhile, various features, such as the distinctive Chinese-style collar and buttons, have become increasingly conspicuous in Western women's fashion, reflecting the growing influence of a Chinese aesthetic.[65] In addition, the enhanced importance of the East Asian market has also led to a small rise in the use of models from the region in Western fashion.[66]

Why have the Japanese and Chinese so comprehensively abandoned their sartorial traditions? Clearly the influence of Western modernity - in this case primarily European - has extended to what people choose to wear. If people want to be modern they feel they must dress in a Western way: Western dress is the sartorial badge of modernity. Another frequently offered explanation is practicality: that traditional forms of dress are seen as largely impractical for modern living. But that does not explain why traditional elements have not found expression in a popularized and modernized form: that is what, after all, has happened with the relentlessly innovative tradition of Western dress. Long dresses and petticoats, doublets and breeches, top hats and tails, may all have disappeared, along with much else, but the Western tradition of dress thrives and prospers. In the Japanese

case, traditional (and simplified) forms of dress never came to be regarded as fundamental to the Japanese way of life, or Japanese 'realm',[67] as Kosaku Yoshino puts it, unlike language, food, sake (rice wine) and tatami mats, for example. As a consequence, dress was one of the elements that the Japanese were prepared to forsake and see Westernized as part of the process of post-Meiji modernization. In China, in contrast, traditional forms of dress were condemned to virtual extinction by their association with the old dynastic order. After 1978, it was a relatively short sartorial journey from the ubiquitous style of dress of the Maoist era to the Western styles of today.

A similar picture of Western influence holds throughout North-East Asia, including South Korea and Taiwan. Much the same is true of most of South-East Asia as well. The main exception is Malaysia (and to a lesser extent Indonesia), where a majority of Malay women now cover their head with the *tudung* (headscarf) and wear the *baju kurung* (a Malay style of dress consisting of sarong and upper tunic). With rapid urbanization and in a highly multiracial environment, this represents a strong statement of cultural identity. In part the style represents a return to Malay tradition, but it is also an appropriation of various Islamic traditions, which have been given a distinctively Malay flavour by the use of strikingly bold colours:[68] Malays have a highly developed sense of fashion, certainly when compared with Indian and especially Chinese Malaysians, with their somewhat drab mimicry of Western dress codes.

If Western dress has been widely adopted in China, Japan and elsewhere for the reasons outlined, why has this not been the case in India, or amongst Malay women, for example? It would seem that in both instances religion has played a crucial role in sustaining traditional forms of dress. A distinctive feature of both China and Japan - and North-East Asia generally - is the lack of any strong tradition of organized religion. This contrasts markedly with India, where Hinduism and to a lesser extent Islam, for example, exercise an extremely important cultural influence. In both, dress plays at least two roles: first, it is a reflection of religious teaching, not least in the rules governing gender dressing, and second, it may act as a means of distinguishing followers of a religion from others. Both these considerations, for example, apply to Malay women and also to Punjabi men, with their uncut hair and turban. Religion has proved a formidable

obstacle to Western-style dress in South Asia, whereas in China and Japan it barely constitutes a factor in dress codes.

Tokyo fashion shows use many white models, as well as Japanese, but rarely anyone of darker skin. Comme des Garçons only ever uses white models at its shows.[69] White models are common at Hong Kong fashion week, along with Chinese, but there are rarely, if ever, black or brown models. The local fashion magazines - which are often versions of Western magazines like *Vogue* or *Elle* - carry text in the vernacular but the models are overwhelmingly white.[70] A majority of fashion advertising in Hong Kong - though no longer in Japan - uses white (rather than Chinese) models, as does Giordano, the local equivalent of Gap; black or brown models are never to be seen. A walk around the underground shopping mall beneath People's Square in central Shanghai paints a not dissimilar picture: the advertising mainly features Chinese models but there are plenty of Caucasians and never anyone of darker skin. In India, on the other hand, the models on the catwalks and in the fashion magazines are overwhelmingly Indian, usually of fair complexion.[71]

In an interview with Yang Qingqing, a beauty expert and cult figure amongst Shanghai women, I sought to understand the profusion of white models and the total absence of models with darker skin.

Chinese culture is very open. We can accept things from outside. When we look at a foreigner we will be more tolerant of their beauty. But if they are Chinese we will be more critical. Maybe distance generates an appreciation of beauty, that's why we like Western features.[72]

Despite my best efforts, she refused to be drawn on why this apparent openness did not include women of darker skin. Mei Ling, a Taiwanese beauty expert who advises Max Factor and acts as a consultant to Chinese pop singers and film stars, was altogether more forthcoming:

In Hong Kong, Taiwan and the mainland, Chinese girls like white skin products. They think white is beautiful. People have a dream and it is about the West. We are yellow, but we don't want to be. For Max Factor,

Lancôme and the rest, every season it is the same colour - white. It is very boring. We try and sell them a new colour each season, but they just want white. Asians like white skin. For seventy years - the period of make-up - the choice has always been the same - white. Because of the shape of the Chinese face - a small nose, high cheek bones, narrow eyes and absence of facial hair - skin is more important to the Chinese than to Westerners.[73]

There is a huge demand for such whitening products amongst Chinese, Japanese and Korean women and they dominate cosmetic advertising on television and in the press.[74] It is estimated that the Japanese market for whitening products was worth $5.6 billion in 2001, with China (the fastest growing market) valued at $1.3 billion. Much of the advertising aimed at Asian women by Western cosmetic companies uses images and narratives with implicit references to the aesthetic ‘inferiority’ of the ‘dark’ and ‘yellow’ skin tones of Asian women.[75] It is not unusual to see Chinese and Japanese women smothered in white foundation cream and looking - to Western eyes - somewhat ghostly. The racial subtext of all this is clear: black is repel lant, yellow is undesirable and white is good. The desire for whiteness takes other forms. On a sunny day in China, Japan, Singapore and elsewhere, it is very common to see Chinese or Japanese women using parasols and umbrellas to shield themselves from the sun; they do not want to have tanned skin.[76]

The Japanese have long sought to distinguish themselves from other races in East Asia, especially the Chinese. In manga comics and animation films, the Japanese portray themselves in a highly Westernized manner, with big (sometimes blue) eyes, brightly coloured - even blond - hair and white skin, even though black hair, narrow brown eyes and a yellowish skin are more or less universal.[77] Generally lighter than the Chinese, they like to see themselves as white; certainly not yellow, which is how they perceive the Chinese and Koreans. For both the Japanese and the Chinese, black skin has a highly negative connotation and it is not uncommon to see black people portrayed in a derogatory way.[78] A popular advert for San Miguel beer in Hong Kong around 2000 featured a black person as little more than an imbecile. According to Mei Ling, ‘They don’t like to see black skin, only white skin, in the make-up catalogues that I am responsible for

compiling.’[79] A senior executive for one of the top American film studios told me that there was little demand in the region for Hollywood films or TV series with black stars. The most popular look on Japanese or Chinese television or in film might best be described as Eurasian - Japanese or Chinese with Western features. Jackie Chan is a case in point. For both Japanese and Chinese women, white boy-friends can enjoy a certain cachet, but the same is certainly not true of black or brown partners: they are an extremely rare sight and any such decision would require great courage.

The Western form - above all, skin colour, the defining signifier, but also other Caucasian features such as fair hair, large eyes and height - has had a profound and enduring impact on East Asian societies over the last two hundred years. It is something that is rarely commented upon and yet it is more pervasive, more psychologically far-reaching, and more fundamental in terms of identity, than most questions normally discussed in this context. For a Japanese to look in the mirror and wish to see a white person, or to emphasize those features which resemble those of a Caucasian - not easy given the profound physical differences between the two - is a powerful statement of self-image, of how a person feels about him or herself, of their sense of place in the world. It is not uncommon for the Japanese to feel physically inadequate in comparison with Westerners, complementing the sense of national inferiority and insecurity discussed in Chapter 3. The Chinese harbour similar emotions about their physical appearance, but this is less common than amongst the Japanese.

It would be wrong to regard the predilection in East Asia for whiteness, however, as simply a product of Western influence. The desire to be white also has powerful indigenous roots. For both the Japanese and Chinese, whiteness has long carried a powerful class connotation. If you are dark, it means you work on the land and are of a lower order; such a prejudice is deeply embedded in their respective national psyches and has been accentuated by modernization and urbanization, with white a symbol of urban living and prosperity and brown a metaphor for the countryside and poverty. Perceptions of different skin colours are used to define and reinforce national differences, as well as relations between races in the same country, and even between different shades within the same race. Since the Meiji Restoration, skin colour has been used by the Japanese to distinguish them from their Chinese and Korean neighbours. More widely, this hierarchy of colour is reproduced in the relationship between the fairer

North-East Asia and the darker South-East Asia, and within South-East Asia between the indigenous population, the Chinese diaspora and the smaller Indian diaspora, for instance. More or less everywhere in East Asia, skin colour is a highly sensitive subject that arouses powerful feelings, perceptions and prejudices, with a near-universal desire to be fairer. The power of the Western racial model is precisely that it reinforces and interacts with very long-established indigenous views about colour. I will return to these themes in Chapter 8 in the context of China.

Food

It is fashionable to cite the spread of McDonald's in East Asia as a sign of growing Westernization. In 2008 there were 950 McDonald's stores in China (the first being opened in Shenzhen in 1990) and in 2004 there were approximately 3,500 in Japan and 300 in Malaysia. Starbucks, Kentucky Fried Chicken and Pizza Hut also have numerous outlets in the region: in 2008 KFC had more than 2,200 stores in China and in 2006 Pizza Hut had 140. A 1999 memo on fast food by McCann Erickson, which handled the advertising account in China for McDonald's, set out its appeal as follows:

It's about modernity. The fast-food restaurant is a symbol of having made it. The new 'Western' fast-food restaurants (though predominantly the Golden Arches) become status symbol locations for the new middle class. It becomes initially their link with showing that they can live the Western (read usually 'American') lifestyle.[80]

The combined total of all US fast food stores, however, represents a very tiny fraction of the restaurants and eating places in these countries. They may attract a great deal of publicity but this gives a distorted picture of eating habits in East Asia. The overwhelming majority of people continue to consume the food indigenous to their country. Almost everyone taking lunch or dinner in Beijing or Chongqing will invariably eat Chinese food; the same can be said of the Japanese. Western fast food - including the most popular Western fast food of all, the sandwich - lives at the margins of mass eating habits. Nor do Western-style eateries enjoy a monopoly of the idea of

fast food. On the contrary, Chinese and Japanese fast food restaurants - familiar to Westerners in the guise of sushi bars and noodle bars, for example - are infinitely more common.

In his seminal study *Food in Chinese Culture*, K. C. Chang suggests that 'the importance of food in understanding human culture lies precisely in its infinite variability - variability that is not essential for species survival.'[81] People from different cultures eat very differently; even within the same culture there is usually considerable variation.[82] Furthermore, people display enormous attachment towards the food that they have been brought up on and with which they are intimately familiar. The instincts are tribal: in the food hall at the National University of Singapore, I was struck by how the Chinese students ate Chinese food, the Indians ate Indian, and the Malays ate Malay, with little crossover. The same can be said in the West: we might like the occasional Indian, Chinese or Mexican meal, usually heavily adapted for the local palate, but our staple diet is Western - breakfast, lunch and dinner.

At the centre of East Asia's food tradition, as with language, is China, which enjoys one of the world's most sophisticated food cultures, with an extremely long documented history, probably at least as long as that of any other food tradition of similar variety.[83] Chinese cuisine, like all food cultures, has been shaped by the ingredients available and China has been particularly rich in the diversity of its plant life. Since ingredients are not the same everywhere, Chinese food acquired an indigenous character simply by virtue of those used.[84] Given the country's size and population, there are, not surprisingly, huge regional variations in the character of Chinese food; indeed, it is more appropriate to speak of Chinese cuisines rather than a single tradition, with four schools often identified, namely Shandong, Sichuan, Jiangsu and Guangdong; and sometimes eight, with the addition of Hunan, Fujian, Anhui and Zhejiang; or even ten, with the further addition of Beijing and Shanghai.[85] From very early on, Chinese cuisine incorporated foreign foodstuffs - for example, wheat, sheep and goat from Western Asia in the earliest times, Indonesian spices in the fifth century, and maize and sweet potato from North America from the early seventeenth century - all of which helped to shape the food tradition.[86] The preparation of Chinese food involves, at its heart, a fundamental division between *fan* - grains and other starch foods - and *ts'ai* - vegetable and meat dishes. A balanced meal must involve the requisite amount of *fan* and *ts'ai*.

The Chinese way of eating is characterized by flexibility and adaptability, a function of the knowledge the Chinese have acquired about their wild plant resources. When threatened by poor harvests and famine, people would explore anything edible in order to stay alive. Many strange ingredients such as wood ears and lily buds, and delicacies such as shark fins, were discovered in this way and subsequently became an integral part of the Chinese diet. Chinese cuisine is also abundantly rich in preserved foods, another consequence of the need to find a means of survival during famines and the bleak winters of northern China.[87] The Chinese attitude towards food is intimately bound up with the notion of health and the importance of eating healthily, the underlying principles of which, based on the yin- yang distinction, are specific to Chinese culture.[88] Arguably few cultures are as food-orientated as the Chinese, who, whether rich or poor, take food extremely seriously, more so even than the French.[89] For thousands of years food has occupied a pivotal position in Chinese life. The importance of the kitchen in the emperor's palace is amply demonstrated by the personnel roster recorded in *Zhou li* (the chronicle, or rites, of the Zhou dynasty, which ruled 1122- 256 BC). Out of almost 4,000 people who had the responsibility of running the emperor's residential quarters, 2,271 of them handled food and wine.[90] While a standard greeting in English is 'How are you?' the Chinese equivalent is not infrequently 'Have you eaten?' K. C. Chang suggests that 'the Chinese have shown inventiveness in [food] perhaps for the simple reason that food and eating are among things central to the Chinese way of life and part of the Chinese ethos.'[91] Jacques Gernet argues, with less restraint, that 'there is no doubt that in this sphere China has shown a greater inventiveness than any other civilization.'[92]

To this picture we should add Chinese tea. No one is quite sure when tea-drinking in China began. It was already highly developed during the Tang dynasty (AD 618- 907) but it certainly dates back much earlier than that. Chinese tea culture is as sophisticated, multifarious, discerning and serious as European wine culture. A traditional tea-house has no equivalent in Western culture; the diversity of teas on offer is bewildering, the ways of preparing and imbibing are intricate, the rituals elaborate, and the surroundings often fine. Although coffee is becoming more popular, tea remains overwhelmingly the national drink.[93] With the growing appetite for

things Chinese, it seems likely that Chinese tea-houses will become a common sight in many Western cities before too long.

It seems faintly absurd, therefore, to suggest that Chinese food (or drink, indeed) is being Westernized by the likes of McDonald's. Of course, Chinese food has been influenced by the West, for example in terms of ingredients (the chillies characteristic of Sichuan food were originally introduced by the Spanish), but the impact has been very limited. The exceptional attachment of the Chinese to their food - in contrast to some other aspects of their culture, like clothing and architecture, which they have been largely prepared to relinquish - is illustrated by the fact that overseas Chinese communities, from South-East Asia to North America, continue to eat Chinese food as their main diet.[94]

Japanese food has been subject to rather greater Western influence. Japan abounds with homespun, Western-based food, much of which was invented in the wake of the Meiji Restoration. The Japanese elite sought to imitate French cuisine in the late nineteenth century, and after the First World War Western dishes began to enter middle-class kitchens, albeit in a highly indi genized form. Essentially, foreign dishes were accommodated into the Japanese meal pattern as side dishes - thereby also mimicking the ways in which Japanese society accepted, and also cordoned off, foreign influences more generally.[95] According to Katarzyna Cwiertka:

The basic rules concerning the blending of Japanese and Western foodstuffs, seasonings, and cooking techniques were set around the third decade of the twentieth century and have continued to be followed to this day, as Japanese cooks carry on with the adaptation of foreign elements into the Japanese context. Some combinations catch on to eventually become integral parts of the Japanese diet. Others are rejected, but they may reappear again a few decades later, advocated as new and fashionable.[96]

While the languages of East Asia are still overwhelmingly spoken within the region but not outside, this is not true of its food. Poor migrants have taken their food with them - Chinese restaurants, for example, have been the mainstay business of Chinese migrants, certainly in the early decades of settlement, as any Chinatown in the world will testify. While European food had only a limited impact on East Asia, mainly as a result of colonialism,

reverse migration, from East Asia to the West, much of it over the last forty years, has enjoyed far greater culinary influence. Chinese, Japanese, Vietnamese, Thai, Korean and Malaysian restaurants - and, of course, Indian - have become a familiar sight in the West.[97] Over the last twenty-five years, Japanese food has become very popular on the West Coast of the United States, leading to the creation of new Japanese-American hybrid dishes like the California roll.[98]

Rather than the Westernization of East Asian eating habits, it would be more appropriate to speak of the reverse, the Asianization of the Western diet. The reason has much to do with migration but is also a consequence of the sheer richness and quality of many cuisines in the region when compared with the great majority of their counterparts in Europe and North America. Take the case of Britain, the world's greatest colonizer, whose own food culture can only be described, in its contemporary state, as impoverished and threadbare. The vacuum that was British cuisine after the Second World War has largely been filled by a myriad of foreign influences, in the first instance European, especially Italian and French, but also Asian, notably Indian and Chinese. As a consequence, its cuisine has become a hybrid: in the realm of food, Britain resembles a developing country, retaining something of its own while borrowing extensively from elsewhere. The same can be said of the United States, though of course it started life as a European hybrid in the first place. All cuisines in the era of globalization are becoming more hybrid, but the extent of this should not be exaggerated. In East Asia food remains essentially indigenous and only hybrid at the margins, with the obvious exception of a multiracial country like Malaysia, where there has been enormous cross-fertilization in food between the Malays, Chinese and Indians, resulting in a very distinctive national cuisine.

Politics and Power

It has been widely assumed in the West that all political systems are gravitating, or at least over time will gravitate, towards a similar kind of polity, one characterized by Western-style democracy. There is also a view, based on a belief in the universal relevance of Western history, experience and practice, that power is exercised, or should be exercised, in broadly the

same way everywhere. In fact, the nature of political power differs widely from one society to another.[99] Rather than speaking of a political system - with its abstract, machine-like connotations - it is more fruitful to think in terms of a political culture. The reason for this is simple: politics is rooted in, and specific to, each culture. It is, moreover, profoundly parochial. A businessman may ply his trade and skills across many different national borders, a renowned academic can lecture at universities all around the world, but a politician's gift, in terms of building a popular support base and the exercise of power, is rooted narrowly and specifically in the national: the skills and charisma don't travel in the same way, they are crafted and chiselled for the local audience, shaped by the intimate details of the national culture. Of course, particular leaders of major nations may be admired and appreciated across national boundaries, as Margaret Thatcher was in the 1980s, and Barack Obama presently is, and Vladimir Putin was, interestingly, in China in the noughties, but that is an entirely different matter from building a domestic base and governing a particular country.

There is a profound difference between the nature of power in Western societies and East Asian societies. In the former, it is driven by the quest for individual autonomy and identity. At the centre of East Asian culture - both North-East Asian (in other words Confucian-based culture) and South-East Asian - is the individual's desire for a group identity: the individual finds affirmation and recognition not in their own individual identity but in being part of a group; it is through the membership of a group that an individual finds security and meaning. Further, Western governance rests, in theory at least, on the notion of utility: that government is required to deliver certain benefits to the electorate in return for their support. East Asian polities are different. Historically the function of government in East Asia has been more opaque, with, in contrast to the West, a separation between the concepts of power and responsibility: it was believed that there were limits to what a government could achieve, that other forces largely beyond human control determined outcomes, and that the relationship between cause and effect was complex and elusive. Rather than being based on utility, power was seen as an end value in itself, as intimately bound up with the collective well-being of society. Government had an essentially paternalistic role and the people saw themselves in a relationship of dependency. Although, under the pressures of modernization and economic growth, societies have been obliged to become more utilitarian - as the idea

of the developmental state suggests - the traditional ways of thinking about government remain very strong.[100] This is reflected in the persistence of paternalistic one-party government in many states in the region, even where, as in Japan, Malaysia and Singapore, there are regular elections.

Although these generalizations apply to both South-East and North-East Asia, there are marked differences between the two. Here I will concentrate on the Confucian-based societies of China, Japan, Korea, Taiwan and Vietnam. The Chinese were extremely unusual in that from very early on they came to see government in primarily secular terms. Rather than presenting itself as the expression of divine authority, Confucian rule was based on the idea of an ethical order. Rulers were required to govern in accordance with the teachings of Confucius and were expected to set the highest moral standards. [101] There was an elaborate political hierarchy that presumed and required an ascending ladder of virtue on the part of office-holders. The political structure was seen as synonymous with the social order, the overall objective being a harmonious and balanced community.[102] These principles informed Chinese governance in varying degrees from the Qin through to the fall of the Qing.

The model of both society and government was based on the family, an institution intimately familiar to everyone. The individual was seen as part of society and the state in the same way as he or she belonged to his or her own family. The Confucian family was possessed of two key characteristics. The first was filial piety, the duty of the offspring to respect the authority of the father who, in return, was required to take care of the family. As the state was modelled on the family, the father was also the role model for the state, which, in dynastic times, meant the emperor. Second, although the Chinese were not by and large religious, they shared with other Confucian societies a transcendental belief in ancestral spirits: that one’s ancestors were permanently present. Deference towards one’s ancestors was enacted through the ritual of ancestral worship, which served to emphasize the continuity and lineage of the family and the relatively humble nature of its present living members. The belief in ancestral spirits encouraged a similar respect for and veneration of the state as an immortal institution which represented the continuity of Chinese civilization. The importance of the family in Chinese culture can be gleaned from the special significance - far greater than in Western culture - that attaches to the family name, which always comes before the given name.[103]

Socialization via the family was and remains a highly disciplining process in Confucian societies. Children learn to appreciate that everything has its place, including them. People learn about their role and duties as citizens as an extension of their familial responsibilities. It is through the family that people learn to defer to a collectivity, that the individual is always secondary to the group. Unlike Western societies, which, historically at least, have tended to rely on guilt through Christian teaching as a means of constraining and directing individual behaviour, Confucian societies rest on shame and 'loss of face'. Discipline in Confucian societies is internal to the individual, based on the socialization process in the family, rather than externally induced through religious teaching, as in the West, though that tradition has weakened in an increasingly secular Europe.[104]

Such is the power of this sense of belonging - to one's own family, but then by extension to society, the nation and the state - that it has resulted in a strong sense of attachment to, and affinity with, one's race and nation - and, by the same token, a rejection of foreigners as 'barbarians', or 'devils', or the Other. All the Confucian countries share a biological conception of citizenship. The strong sense of patriotism that characterizes each of these societies - China, Japan, Korea, Taiwan and Vietnam - has generally been ascribed to a reaction to overbearing Western pressure, including colonialism. But this is only part of the picture, and the rather less important part: the power of identity, the rejection of outsiders and the strength of native racism is primarily a consequence of the nature of the indigenous process of socialization.[105]

The role of the family is to provide security, support and cohesion for its members. In Confucian societies, in other words, government is modelled on an institution whose focus was not on the achievement of external goals but on its own well-being, self-maintenance and self-perpetuation. It is not surprising, therefore, that a powerful feature of these societies has been the stress on unity and stability and on continuity, cohesion and solidarity. Confucian societies, thus, have a rather different conception of government to that which we are familiar with in the West, where the state is viewed as an essentially artificial construct, an external institution that people seek to hold to account, which they view with a certain suspicion, whose powers they constantly seek to define, limit and constrain. For the Chinese - and the same can broadly be said of the other Confucian societies - the state is seen as a natural and intrinsic part of society, as part of the wider common

purpose and well-being. The state, like the family, is subject to neither codification nor constraint. The Chinese state has never been regarded in a narrowly political way, but more broadly as a source of meaning, moral behaviour and order. That it should be accorded such a universal role is a consequence of the fact that it is so deeply rooted in the culture that it is seen as part of the natural order of things.[106]

It is difficult for Westerners to appreciate and grasp the nature of Confucian political culture because it is so different from what they are familiar with; moreover, Westerners, accustomed to running the world for so long, are not well versed in understanding and recognizing difference. East Asian polities, as a result, are usually seen only in a very superficial light. Japan is regarded as democratic because it has elections and competing parties; yet the Japanese system works entirely differently from those in the West. Post- 1949 China has been explained overwhelmingly in terms of its Communist government, with a consequent failure to understand the continuity between the Communist regime and the long thread of Chinese history. In fact, we should not be surprised either by the highly idiosyncractic nature of Japanese politics or the umbilical cord that links Communist rule and dynastic rule. Both are examples of the way in which politics is rooted in culture.[107]

Given that East Asian polities operate by very different customs and practices to those of the West, can we draw any conclusions as to their merits and demerits? This is a tricky question, for Westerners, however broad-minded they may be, inevitably tend to apply Western criteria. They are inclined to see dependency as a negative, while East Asians veer towards the opposite view and see it as a positive. Who is right? It is impossible to make a judgement. The downside of East Asian societies might be seen as a tendency, given the strength of dependency and the paternalistic conception of government, towards authoritarianism and one-party government. On the other hand, such paternalistic leadership also has certain strengths. Because government and leaders enjoy a different kind of trust, they are given much more latitude to change direction and policies. They are not hemmed in and constrained in the same manner as Western leaders. In some ways East Asian political leaders are also more accessible and more approachable because they view their accountability to society in a more holistic way and people take a similar attitude towards them. Their greater all-round authority, rooted in the symbiotic relationship between

paternalism and dependency, can also enable them to take a longer-term attitude towards society and its needs.

The highly distinctive characteristics of East Asian polities may be rooted in history, but are they declining with modernization? In some ways they are getting stronger. As the ideology of anti-colonialism has weakened, there has, if anything, been a reversion to more traditional familial attitudes. Moreover, while the family itself is changing - in China, it is far less patriarchal than previously - it remains very different to the Western family, especially in terms of values and attitudes:[108] indeed, family customs have been amongst the slowest of all Asian institutions to change. Such is the profundity of the forces that have served to shape East Asian politics that it is impossible to envisage these societies somehow losing their political distinctiveness.[109]

INDIGENOUS MODERNITY

The picture that emerges from these four examples is not the scale of Westernization but, for the most part, its surprisingly restricted extent. The subjects considered, moreover, could hardly be more fundamental, taking us, in contrasting ways, to the very heart of societies. We can draw two general conclusions. First, if the impact of Westernization is limited, then it follows that these societies - and their modernities - remain individual and distinctive, rooted in and shaped by their own histories and cultures. It also follows that their modernization has depended not simply or even mainly upon borrowing from the West, but on their ability to transform and modernize themselves: the taproots of modernization, in other words, are native rather than foreign. Japan, the first example of Asian modernity, is a classic illustration of this. It may have borrowed extensively from the West, but the outcome was and is entirely distinctive, an ineluctably Japanese modernity. Second, if the process of modernization is simply a transplant then it cannot succeed. A people must believe that modernity is theirs in order for it to take root and flourish. The East Asian countries have all borrowed heavily from the West or Japan, usually both. Indeed, an important characteristic of all Asian modernities, including Japan’s, is their

hybrid nature, the combination of different elements, indigenous and foreign. But where the line of demarcation lies between the borrowed and the indigenous is crucial: if a society feels that its modernity is essentially imposed - a foreign transplant - then it will be rejected and fail.[110] This must be a further reason - in addition to the fact that colonial powers deliberately sought to prevent their colonies from competing with their own products - why, during the era of colonialism, no colonial societies succeeded in achieving economic take-off. The problem with colonial status was that by definition the colony belonged to an alien people and culture. The only exceptions were the white-settler colonies, which, sharing the race and ethnicity of the colonizing power, namely Britain, were always treated very differently; and Hong Kong, which, to Britain's belated credit, from the late fifties (a full century after its initial colonization), succeeded in becoming the first-ever industrialized colony, with the tacit cooperation of China.

Given China's long history and extraordinary distinctiveness, it is self-evident that China's modernization could only succeed if it was felt by the people to be a fundamentally Chinese phenomenon. This debate was played out over the century after 1850 in the argument over 'Chinese essence' and 'Western method' (as it was also in Japan), and it remains a controversial subject in present-day China. The conflict between Chinese tradition and Western modernity in China's modernization is well illustrated by a discussion I organized almost a decade ago with four students in their early twenties from Shanghai's Fudan University, one of China's elite institutions. It is clear from the exchange that maintaining a distinct Chinese core was non-negotiable as far as these students were concerned: the two women, Gao Yi and Huang Yongyi, were shortly off to do doctorates at American universities, while the young men, Wang Jianxiong and Zhang Xiaoming, had landed plum jobs with American firms in Shanghai.[111] They were the crème de la crème, the ultimate beneficiaries of Deng Xiaoping's open-door policy, Chinese winners from globalization.

> *Wang*: In the last century Chinese culture became marginal while Western culture became dominant. The Chinese have been much more preoccupied with the past, with their history, than the West. We have to understand why we are behind other countries, why we haven't been able to develop

our country. The West has won a very great victory and this has meant a big crisis for Chinese civilization.

Gao: Our traditional values are always in conflict with modern Western values. We are always at a loss as to how to deal with this. These two value systems are always in conflict. We constantly feel the need to return to our long history to understand who we really are. The reason why we pay so much attention to our history is because the traditional way remains very powerful.

Are you more optimistic for the future? Do you think that Chinese culture will remain marginal?

Wang: Our civilization is entering a critical period. In the last century we used Western thinking to develop Chinese society and culture. That is not good. We must build up our own knowledge, our own methodology, in order to develop the country and our culture. We must build up our own things, not just bring Western thoughts to our country. That's mostly what we have done in the twentieth century. But this century I think the Chinese will develop their own knowledge.

If China does this, can it become more central and important in the world?

Wang: Not the centre of the world, but China will realize its own modernity, which will not be the same as that of the United States, nor, by the way, will it be like the Soviet Union. It will be something new.

What will be distinctive about it?

Wang: We can build our own modernity based on Chinese culture. Of course, we will use some elements of Western culture but we can't transplant that culture to China. A mistake that Western countries make, especially the United States, is to want to transplant their systems and institutions to other countries. It's wrong because it ignores the cultural core of a country. I always like to focus on the cultural core: to transform or remove the cultural core is impossible.

And the cultural core is . . . ?

Wang: Five thousand years of history.

What are the values of this cultural core?

Wang: It's composed of many elements: our attitude towards life, the family, marriage and so on. During the long history of Chinese civilization - because our country is so big - we have developed many different ideas and attitudes.

You and Zhang are both studying international finance and yet your argument is all about the distinctiveness of China.

Wang: Globalization is Westernization. But it should be a two-way process: we accept Western ideas while at the same time people in Western countries should seek to understand and maybe accept some of our ideas. Now it is not like that: we just accept Western ideas, there's no movement in the opposite direction. That's the problem. As a result, we lose something from our own culture, which worries us a lot. Now we are afraid of losing our own culture. We accept Western ideas not because they are good for us but because of their novelty. They are new to us so we accept them. But on the whole I don't think they will be good for us. Maybe in twenty years' time we will give them up.

Zhang: Historically, there is a part of the Chinese that wants to change and a part that wants to remain the same. We are in a state of conflict, both as individuals and as a society. In the Qing dynasty we shut ourselves off from the outside world, mainly because we wanted to keep our culture and our civilization. Part of the reason for this was unacceptable: we thought we were superior to the rest of the world. When we finally opened our doors, we found that we were backward compared with Western countries. Now we have opened our doors again and with this openness we are, and will be, more and more influenced by Western countries. We are afraid we will lose our culture, our characteristics. I want to change, because the current situation in China is not so satisfactory, but at the same time I worry that when we eliminate the shortcomings in our culture maybe we will also lose the essential part of our culture, the good part of our culture.

Huang: Even now, when Western influence is considerable and intrusive, I don't think the Chinese will lose their culture

because this represents a very thick accumulation of history. It cannot change easily, even if some of the surface things change. There is a very strong core culture inside every one of us. Even if our way of life changes, that culture will not change. Our long history constantly reappears and recurs. Now we are in a period of loss. I cannot deny that. We are lost because of the underlying conflict between modernity and tradition. But I believe that something new will come out of this: a unique China will remain.

Gao: We have been through worse periods, for example when we were colonized. I am more confident. We are in a new period when we are not being invaded but we are being influenced by the West. But for sure we will not be Westernized, the core culture will still be there.

CONTESTED MODERNITY

The balance of power in the world is changing with remarkable speed. In 1973 it was dominated by a developed world which consisted of the United States, Western Europe and Japan, together with what Angus Maddison describes as 'Western offshoots' like Australia: between them, they accounted for 58.7% of the world's GDP but only 18.4% of the world's population. By 2001, the share of global GDP accounted for by these countries had fallen to 52.0% while their share of the world's population had declined to 14.0%. The most dramatic change was the rising share of global GDP accounted for by Asia, which, excluding Japan, increased from 16.4% in 1973 to 30.9% in 2001, while its share of the world's population rose from 54.6% in 1973 to 57.4% in 2001.[112] This picture will change even more dramatically over the next few decades. It is estimated that by 2032 the share of global GDP of the so-called BRICs, namely Brazil, Russia, India and China, will exceed that of the G7, namely the US, Canada, the UK, Germany, France, Italy and Japan. And by 2027 it is projected that China will overtake the United States to become the world's largest economy.[113] To illustrate how increasingly diverse the world is

likely to become, it is envisaged that the combined GDP of another eleven developing countries (Bangladesh, Egypt, Indonesia, Iran, Korea, Mexico, Nigeria, Pakistan, the Philippines, Turkey and Vietnam) could reach two-thirds of the level of the G7 by 2050.[114] Meanwhile, the developing world's share of the global population will steadily rise, though Asia's will remain relatively constant at just below 60%, with that of India and China, the two most populous countries in the world, enjoying a combined share of 37.3% in 2001,[115] projected to fall very slightly. The proportion of the world living in the developed countries, meanwhile, will continue to fall steadily.

The nineteenth and twentieth centuries marked the Age of the West. But this era is now coming to an end. By the middle of this century, when the West will be responsible for a great deal less than half the world's GDP, the Age of the West will have passed. The rise of China, India, Brazil, Korea, Taiwan and many other developing countries marks a huge shift in the balance of economic power, but it also has much wider implications. Economic prosperity serves to transform the self-confidence and self-image of societies, thereby enabling them to project their political and cultural values more widely. A striking characteristic of the Asian tigers has been the way in which, during the process of modernization, they have steadily shifted from a seemingly insatiable desire for all things Western as the symbol of the modernity they so craved - combined with a rejection of the indigenous, which was seen as synonymous with poverty and backwardness - to a growing affirmation of the indigenous in place of the Western. In the 1970s, for example, few Taiwanese would entertain the idea of traditional Chinese furniture, but by the early nineties this attitude was starting to be superseded by a growing interest in traditional artefacts. Similarly in pop music, for example, Western influences were replaced over the same period by local and regional mando-pop (Chinese-composed pop music sung in Mandarin).[116] In other words, tradition, rather than being rejected, has been progressively rearticulated as part of a new and native modernity.[117] The same general picture applies across the whole of East Asia, including China. In 1980 few knew or cared much about other countries in the region: all eyes were turned to the global mecca, the United States. The lines of communication were overwhelmingly east- west - in terms of information, music, politics, technology, education, film, aspiration and desire. Most East Asians knew far more about what happened in New York, Washington or London than in Tokyo, Seoul, Beijing or Kuala Lumpur. East Asians still

remain remarkably intimate with what emanates from the United States - certainly compared with the overwhelming ignorance that Americans display towards East Asia - but the situation has changed markedly. Hung Tze Jan, the Taiwanese publisher quoted earlier, well describes this changed mentality: 'When I was at high school and university, we focused all our efforts on Western literature and ideas. My son is in his early teens and in contrast to me he has the opportunity to create something new - to read both Chinese *and* Western literature.'[118]

In the future, then, instead of there being one dominant Western modernity (itself, of course, a pluralistic phenomenon), there will be many distinct modernities. It is clear that we have already entered this era of multiple modernities: by the middle of the century we will be firmly ensconced in it. Hitherto, we have lived in a Western-made and Western-dominated world, in which the economic, political and cultural traffic has been overwhelmingly one-directional, from the West to others. That is already beginning to change, becoming a two-way, or more precisely a multi-directional process. An interesting illustration of how the old pecking order is steadily being disrupted, even inverted, can be found in the world of cricket. Formerly, cricket was largely dominated by England, together with two former white settler colonies, Australia and New Zealand. But in 2008 India, which already accounted for around 80 per cent of the game's revenues, established the Indian Premier League and its eight teams, representing various Indian cities and states, proceeded to sign up many of the world's best cricketers, much to the chagrin of the English cricket authorities, who have always thought of themselves as the centre of the game. The future of cricket now manifestly belongs on the Indian subcontinent, where the character, flavour and evolution of the game will increasingly be determined.[119] If Manchester United and Liverpool enjoy a global fan base in football, then the likes of Punjab and Chennai may well blaze a similar trail in cricket.

The Age of the West was not only marked by economic and military dominance but by Western ascendancy in more or less every field, from culture and ideas to science and technology, painting and language to sport and medicine. Western hegemony meant anything associated with the West enjoyed a prestige and influence that other cultures did not. White skin colour has been preferred globally - in East Asia too, as we saw earlier in this chapter - because it was synonymous with Western power and wealth.

Western-style clothes have been widely adopted for the same reason. English is the global lingua franca because of the overweening importance of the United States. The history of the West - in particular, the United States and Western Europe - is far more familiar to the rest of the world than that of any other country or region because the centrality of the West has meant that everyone else is obliged, or desires, to know about it. Western political values and ideas are the only ones that enjoy any kind of universalism for a similar reason. But now that the West is no longer the exclusive home of modernity, with the rest of the world cast in a state of pre-modernity, the global equation changes entirely. Hinduism will no more be a byword for backwardness. Nor will Indian clothes. It will no longer be possible to dismiss Chinese political traditions as an obsolete hangover from the days of the Middle Kingdom, nor equate the Western family with modernity and dismiss those of India and China as remnants of an agrarian age. To growing numbers of people outside the West, Chinese history will become as familiar as Western history is now, if not more so. The competition, in other words, between the West and the rest will no longer be fundamentally unequal, pitting modernity against tradition, but will take place on something that will increasingly resemble a level playing field, namely between different modernities. We can already see this in the corporate world, where Korean, Japanese and Chinese companies, bearing the characteristics of the cultures from which they emanate, compete with their rather different Western counterparts, often with considerable success.

The twentieth century was characterized by the ideological cleavage between socialism and capitalism, an era ushered in by the October Revolution in 1917 and which found expression in the onset of the Cold War after 1945, until finally coming to an end with the collapse of the Soviet Union in 1989- 91. That world, where every conflict and division was refracted through the prism of this wider ideological schism, then proceeded to evaporate with great speed. American neo-conservatives believe that the new global divide is the war on terror - what they like to describe as the Fourth World War (the third having been the Cold War) - but this represents a basic misreading of history. The era we are now entering, in fact, can best be described as one of *contested modernity*. Unlike the Cold War, it is not defined by a great political or ideological divide but rather by an overarching cultural contest. The emergence of new

modernities not only means that the West no longer enjoys a virtual monopoly on modernity, but that the histories, cultures and values of these societies will be affirmed in a new way and can no longer be equated with backwardness or, worse still, failure. On the contrary, they will experience a new sense of legitimacy and, far from being overawed by or deferential towards the West, will enjoy a growing sense of self-confidence.

Hitherto the world has been characterized by Western hubris - the Western conviction that its values, belief systems, institutions and arrangements are superior to all others. The power and persistence of this mentality should not be underestimated. Western governments feel no compunction or restraint about lecturing other countries on the need for, and overwhelming virtue of, their versions of democracy and human rights. This frame of mind is by no means confined to governments, who, for the most part, simply reflect a popular cultural consensus. Many Western feminists, for example, tend to assume that gender relations in the West are more advanced than elsewhere, and that they are more liberated and independent than women from other cultures. There is a deeply embedded sense of Western psychological superiority which draws on powerful economic, political, ideological, cultural and ethnic currents. The rise of a world of multiple modernity challenges that mentality, and in the era of contested modernity it will steadily be eroded and undermined. Ideas such as ‘advanced’, ‘developed’ and ‘civilized’ will no longer be synonymous with the West. This threatens Western societies with an existential crisis of the first order, the political consequences of which we cannot predict but will certainly be profound. The assumptions that have underpinned the attitudes of many generations of Westerners towards the rest of the world will become increasingly unsustainable and beleaguered. The West has thought itself to be universal, the unquestioned model and example for all to follow; in the future it will be only one of several possibilities. This is a scenario that, at least until very recently,[120] the West has been almost entirely unprepared for, as Paul A. Cohen, cited at the very beginning of this chapter, suggests. In future it will be required to think of itself in relative rather than absolute terms, obliged to learn about, and to learn from, the rest of the world without the presumption of underlying superiority, the belief that ultimately it knows best and is the fount of civilizational wisdom. The bearer of this change will be China, partly because of its overwhelming size but also because of the nature of its culture and outlook. China, unlike

Japan, has always regarded itself as universal, the centre of the world, and even, for a millennium and more, believed that it actually constituted the world. The emergence of Chinese modernity immediately de-centres and relativizes the position of the West. That is why the rise of China has such far-reaching implications.

II

The Age of China

Although parts of China are already prosperous and developed, around half of the population still lives in the countryside. China remains very much a developing country. As a consequence, Chinese modernity can only be regarded as work in progress. Some of its characteristics are already evident, others are only in embryonic form, while others still are not yet visible. It is abundantly clear, however, that Chinese modernity will differ markedly from Western modernity. The reasons for this lie not only in the present, but even more tellingly in the past. China has little in common with the West. It comes from entirely different cultural coordinates. Its politics, its state and its moral outlook have been constituted in a highly singular way, likewise its relationship with its neighbours. The fact that for many centuries the Chinese regarded themselves as constituting the world, as ‘all land under Heaven’, only serves to underline the country’s unique character. Unlike most developing countries, furthermore, China was never colonized, even though many of its cities were. Colonization was a powerful means by which countries were Westernized, but in China its absence from vast swathes of the country meant this never happened in the same manner that it did in India or Indochina, for example. The sheer size of China, both as a continental land mass and, more importantly, in terms of population, were, of course, indispensable conditions for enabling the Chinese to think in such autarchic and universalist terms. It might be argued that all these considerations lie in the past, but it is history that shapes and leaves its indelible mark on the present. Modernity is not a free-floating product of the present, but a function of what has gone before.

The fact that China, ever since 1949, but more significantly since 1978 and the beginning of the reform period, has been single-mindedly focused on the task of modernization - and, with remarkable self-discipline, allowed itself no distractions - has served to emphasize the extent to which China’s

modernization is convergent with the West rather than divergent. Here, China's experience closely resembles that of its more developed East Asian neighbours. But as China progresses further down the road of modernization, it will find itself less constrained by the imperatives of development, increasingly at ease with the present, and anxious to find inspiration from its past for the present.

6

China as an Economic Superpower

In August 1993, I visited Guangdong province, north of Hong Kong, for the first time. The experience is engraved on my memory. The road from Shenzhen to Guangzhou (the provincial capital, known as Canton in colonial times) was sometimes made up, occasionally little more than a mud track. Although we were in the middle of the countryside, the road was overflowing with pedestrians and vehicles of every conceivable kind. Played out before my eyes was the most extraordinary juxtaposition of eras: women walking with their animals and carrying their produce, farmers riding bicycles and driving pedicabs, the new urban rich speeding by in black Mercedes and Lexuses, anonymous behind darkened windows, a constant stream of vans, pick-ups, lorries and minibuses, and in the fields by the side of the road peasants working their small paddy fields with water buffalo. It was as if two hundred of years of history had been condensed into one place in this single moment of time. It was a country in motion, its people living for the present, looking for and seizing the opportunity, as if it might never be offered again. I was engulfed by an enormous torrent of energy, creativity and willpower. The British Industrial Revolution must have been a bit like this: speculative, chaotic, dynamic - and a complete bloody mess. Guangdong was certainly a mess. Everywhere you looked there was construction - seemingly everything was in the process of being changed: the half-made road along which we were travelling, the countless half-finished buildings, the land being cleared as far as the eye could see. Guangdong was like a huge construction site.

Just over two years later I tried to retrace my steps with a television crew. There was not a single familiar sight I could find. The dynamic chaos had given way to order. There were brand-new motorways, bridges, factories, warehouses, and a lot more cars; and little sign of the juxtaposition of eras that had so fascinated me two years earlier. I enlisted the help of a couple of

officials, but as I described the scenes I wanted to recapture on film they shrugged as if to suggest that they lay in the distant past. For me it was just two years ago; for them it could have been a different century. Guangdong, the brainchild of Deng Xiaoping, was well on the way to becoming the industrial centre of China, full of factories, many Hong Kong-owned, making cheap, mass-produced goods for the global market. This is how and where China's economic transformation started.

Now Guangdong, just fifteen years after that first volcanic eruption, is turning over a new page in its history. It can no longer sustain its old comparative advantage. Labour has become too expensive, too demanding, the expectations of its people transformed. Its factories are no longer able to compete with those in Vietnam or Indonesia. In 2007 alone, no less than 1,000 shoe factories closed in Guangdong, one-sixth of the total.[1] Their owners are moving production to the interior provinces, where living standards are as low as they once were in Guangdong, if not lower. And in their place, Guangdong is seeking to move up the value ladder, develop its service industries and shift into new areas of production that rely on design and technology rather than the perspiration of its people and the migrant workers from faraway provinces. Shenzhen and Guangzhou, like many cities in Guangdong, now look prosperous and well maintained, a far cry from former days when they resembled China's Wild West. Shenzhen may not yet enjoy Hong Kong's Western-style living standards, but it has significantly closed the gap. In little more than two decades, Guangdong has gone from the early days of the Industrial Revolution to something not too far short of the less developed parts of Western Europe.

At the time of Mao's death in 1976, who would have predicted that China stood on the eve of a most remarkable period of economic growth that would entirely transform the face and fortunes of the country? Virtually nobody. It was as unpredictable and unpredicted as another enormously significant event - 1989 and the collapse of European Communism. China had been torn apart by the Cultural Revolution, in which the cadre that had largely steered the party through the 1950s and early 1960s had been vilified and banished by a 'popular' *coup d'état* staged at Mao's behest, involving the mobilization of tens of millions of young people in the Red Guard. The movement was opposed to privilege - whether by virtue of family history or Party position - and super-egalitarian in its philosophy: a

very Chinese phenomenon with echoes of the Taiping Uprising in the mid nineteenth century. By the time of Mao's death, the Cultural Revolution had subsided and stood largely discredited, but the country's future direction remained deeply uncertain. The vacuum created by Mao's death was soon filled by the return of those same old leaders who had been persecuted during the Cultural Revolution, with Deng Xiaoping at the helm. They were confronted by the economic ravages and political dislocation that were the legacy of the Cultural Revolution, but free at last to pursue their instincts and inclinations, unimpeded by the wild extremes and excesses of Mao, albeit in a situation where the party faced a severe crisis of legitimacy.

There was one favourable omen. By the end of the seventies China's relatively modest growth rate constituted something of an exception in East Asia. Many countries in the region were on the economic move: Japan was booming; South Korea, Taiwan, Singapore and Hong Kong had already experienced take-off; Malaysia, Thailand and others were in its early stages. The Chinese diaspora - centred on Hong Kong and Taiwan, but also in Singapore and Malaysia - were key players in this economic transformation. There were, in other words, examples around China's borders of the possibilities that now beckoned. The country's East Asian hinterland was being transformed by a region-wide economic revolution based on catch-up. Of course China faced unique problems, in particular its vastness and diversity, together with the legacy of civil war, turmoil and occupation. In addition it had been isolated, a condition partly self-imposed and partly a result of an American embargo (involving a total ban on all transactions with China until 1971), plus the withdrawal of all Soviet aid and personnel in 1959. The challenges facing the new Chinese leadership, therefore, were far more formidable than those that had confronted Taiwan or South Korea, especially as these had enjoyed considerable American patronage and munificence during the Cold War.

The process of reform began in 1978 with the creation of a handful of special economic zones along the south-eastern seaboard, including Guangdong province, in which the rural communes were dismantled and the peasants were given control of the land on long-term leases and encouraged to market their own produce. It was based on a step-by-step, piecemeal and experimental approach. If a reform worked it was extended to new areas; if it failed then it was abandoned. Such down-to-earth pragmatism stood in sharp contrast to the grand ideological flourishes that

informed the Cultural Revolution era and the Maoist period more generally. As Deng put it, in the time-honoured tradition of pithy and popular quotes by Chinese leaders from Confucius onwards: ‘Seek truth from the facts’; ‘Truth is to be found in practice’; and ‘Cross the river by feeling for the stones’. The new economic approach involved a new kind of mindset and way of thinking in the Party and government, which necessitated a massive change of personnel, starting at the top and working rapidly downwards. In 1978 Deng declared: ‘To make revolution and build socialism we need large numbers of path-breakers who dare to think, explore new ways and generate new ideas.’[2] The *People’s Daily* later commented that political reform was:

a gigantic social systems engineering project, which involves straightening out the relationships between the Party and the government, power and judicial organs, mass organizations, enterprises and institutions, and between central, local and grassroots organizations; it concerns hundreds of millions of people. This is an arduous and protracted task.[3]

The reform project has usually been seen in narrowly economic terms, as if it had few political implications. In fact Deng’s project involved not just an economic revolution, but also a largely unrecognized political revolution, which entailed a complete overhaul of the state, both in its modus operandi and its personnel, with the universalist, ideological model of the Maoist era being replaced by something closer to the developmental model of the East Asian tigers. An essential element in this transformation was the decentralization of the state, which was seen as a precondition for the reform of the economic system and economic growth. Decision-making, including the granting of de facto property rights and fiscal power, was decentralized to different levels of local government.[4] As a consequence the central government budget, as a share of GDP, shrank considerably.[5]

Almost from the outset, economic growth rates were transformed from the 4- 5 per cent of the Mao period to an annual growth rate of 9.5 per cent between 1978 and 1992.[6] The momentum of reform, however, was seriously disrupted in 1989, little more than a decade after it began, by a massive student demonstration in Tiananmen Square that was brutally suppressed by the army. With the Party leadership seriously divided, it

seemed likely that the reform process would be derailed, perhaps indefinitely. In the event, there was only a short hiatus before, in the grand style of Chinese emperors, and to coincide with the Chinese New Year in 1992, Deng made a ‘Southern Expedition’ to the coastal heartland of China’s economic revolution, during which he made a statement in Shenzhen - a brand-new city neighbouring Hong Kong - that not only reaffirmed the central importance of the market reforms but made a clarion call for the process to be intensified and accelerated, suggesting, in a famous passage, that there was nothing wrong in allowing the rich to get richer (and then eventually paying higher taxes to help the poor).[7] Until this point the reform process had largely been concentrated in the south, but now it began to move to the interior provinces and, most crucially of all, to Shanghai and the Yangzi Delta, China’s former economic powerhouse. There was a further wave of foreign investment, largely from the Chinese diaspora based in Hong Kong and Taiwan (which to this day remains the largest single source of foreign inward investment), while Chinese exports, mainly to the United States, increased rapidly. An economic fever began to grip the country, encouraged by Deng’s call to embrace the market economy and fuelled by the annual double-digit growth rate. Nothing more graphically symbolized the ‘new frontier’ economic spirit than the tens of millions of rural migrants, China’s reserve army of labour, who left their farms and villages in search of the work and glitz of the city.[8] The Red Guards were now but a distant memory. There was barely a Mao suit in sight.

From the outset, Japan and the Asian tigers had been an important influence on China’s economic reform.[9] These countries shared with Deng a pragmatic and non-doctrinal view of how to conduct economic policy. It was recognized, however, that none of them could, in themselves, provide a suitable model: the conditions, especially those flowing from China’s enormous size and diversity, were simply too different. In the era of globalization that began around 1980, moreover, it was no longer possible for China, unlike Japan and the Asian tigers earlier, to grow its industries and companies behind a wall of tariffs until they were ready to compete in the international market. A further complicating factor was that China, as a Communist country, was still viewed with a certain amount of suspicion by the United States: as a result, its entry into the WTO took fifteen years and was the subject of the most detailed agreement ever made with any country

- contrasting strongly, for example, with the far less demanding terms required of India a few years earlier. China, for a variety of reasons, had to invent its own way.[10]

Although China enjoyed nothing like the intimacy of South Korea and Taiwan's relationship with the United States, it recognized the crucial importance of winning American support and cooperation in its pursuit of economic growth. Just as its approach to economic reform was informed by pragmatism, so too was its attitude towards the United States. The Mao-Nixon accord of 1972 marked a profound change in their relationship, with the establishment of formal diplomatic relations in 1979, the settlement of property claims, the unfreezing of assets and the granting to China of most-favoured nation treatment. These steps created the conditions for China subsequently to join the IMF and the World Bank in 1986 and be granted observer status to GATT in 1982. The value of the United States to China was increasingly evident during the 1980s: it became the most important destination for Chinese exports; growing numbers of Chinese students went to study there, including many sons and daughters of the Party elite; while the US model of capitalism came to exercise a growing influence. The collapse of the Soviet Union only served to accentuate that influence, and the US's prestige was further enhanced by the economic dynamism associated with Silicon Valley and the internet. Increasingly during the nineties, however, there was a rising tide of nationalist sentiment directed against the US, which found expression in the bestseller *The China That Can Say No* and the demonstrations against the US bombing of the Chinese embassy in Belgrade.[11] American influence on China's modernization, nonetheless, remained considerable. Even China's own economic path and popular mood was to bear some of the signs of neo-liberalism: the worship of wealth, the embrace of entrepreneurs, acquiescence in growing inequality, the retreat of the state from the provision of public goods such as education and health, the rapid lowering of tariff barriers and the adoption of an extremely open trade regime[12] - all of which were closely associated with the reign of Deng's pro tégé and successor, Jiang Zemin.

The approach of the Chinese leadership, following Deng's emergence as the paramount leader, had been built on caution and pragmatism, notwithstanding the obvious radicalism of the reform process. They eschewed shock treatment and grand gestures. Although drawing on elements of neo-liberalism, they resisted the Washington orthodoxy and

instead pursued a very home-grown approach.[13] They were painstakingly meticulous in the way that they sought to introduce reforms by a gradual process of constant testing and trial and error. The state, in the time-honoured Chinese fashion, remained at the heart of this process of reform, even though the latter was to involve a drastic contraction in its economic role, with the share of government revenue decreasing from around one-third of GDP in 1978 to 17 per cent in 2005.[14] For the Chinese leadership, the objective of economic reform was never Westernization, but rather a desire to restore the Party's legitimacy after Mao through economic growth,[15] and thereby to build a strong nation and state.[16] Political stability was accorded the highest priority. '[China's] modernization,' Deng stated, 'needs two prerequisites. One is international peace, and the other is domestic political stability.'[17] The disintegration of the Soviet Union after 1989 only served to reinforce Deng's belief in the vital importance of economic reform, an area in which the Soviet Union had palpably failed, and the need to avoid destabilizing political reforms, a trap which they saw Gorbachev as having fallen into.[18] The Asian financial crisis in 1997- 8 similarly confirmed the Chinese leadership in its aversion to shock treatment: that China should move with great caution in its financial reform and resist any premature liberalization of the capital account that would allow the free movement of capital into and out of China, and consequent floating of the Chinese currency, the renminbi (also called the yuan), which might lead to speculative attacks on the currency and the consequent destabilization of the economy, as happened to South Korea, Thailand and Indonesia - to their great cost - during the Asian crisis.[19] (As a consequence, the renminbi remains, unlike the dollar, yen and euro, for example, a non-tradeable currency.)

In response to the challenge posed by an increasingly globalized economy, the Chinese leadership, mindful of the need to accelerate the process of reform, did, however, opt for one important element of shock treatment. During the nineties, by dismantling tariff barriers and allowing huge flows of foreign direct investment - in contrast to the economic strategy pursued by Japan, South Korea and Taiwan - they created a brutal competitive environment in which domestic companies desperately sought to survive against far richer and more advanced Western and Japanese rivals. This rapid opening up enabled the Chinese economy to take advantage of enormous flows of foreign capital and had the merit of forcing

Chinese companies to learn from the outside world,[20] but the cost was high, with many struggling to survive. While their North-East Asian neighbours enjoyed a prolonged period of protection from external competition, during which their companies were given time to develop, China, in comparison, had none. Chinese companies were obliged to sink or swim, and the conditions attached to China's subsequent membership of the WTO meant the state faced various restrictions on the extent to which it was permitted to help state-owned enterprises, although it found various ways of circumnavigating some of them.[21]

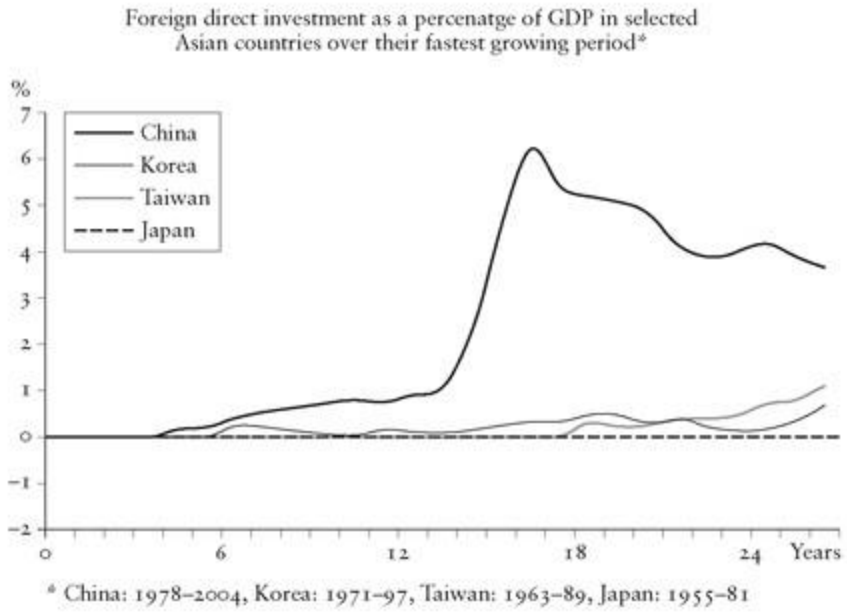


Figure 10. The role of foreign direct investment in China compared with other Asian tigers.

Although the earlier phase of reform concentrated on stimulating the growth of the rural economy, by the end of the eighties the centre of gravity had decisively shifted to the cities and the industrial economy. Already, during the eighties, the Guangdong economy became a microcosm of the future shape and comparative advantage of the fast-changing Chinese economy, with Hong Kong entrepreneurs moving their manufacturing operations out of the city-state to neighbouring Guangdong province in

order to take advantage of far cheaper labour; as a result, Guangdong rapidly became Hong Kong's manufacturing base. This process quickly spread north and east-wards during the course of the nineties, its magnitude transformed by the flood of Western and Japanese direct investment at the end of that decade in anticipation of China's membership of the WTO in 2001. Just as China pursued an open policy on trade, it adopted a similar approach towards inward investment. Since 1978 China has received $500 billion in foreign direct investment, ten times the total accumulated by Japan between 1945 and 2000. In 2003 China became the world's largest recipient of foreign direct investment, overtaking the United States.[22] The inward investment was mainly ploughed into the local subsidiaries of foreign multinationals with the purpose, following the example of Hong Kong, of exploiting the huge resources of cheap labour in order to make exports as globally competitive as possible. Foreign firms are now responsible for up to 60 per cent of all Chinese exports, and dominate high-tech exports with a share of around 85 per cent.[23] China, in the process, has become the 'workshop of the world', by far the cheapest national base for low- and medium-end manufacturing on the planet.

As a result of the systematic lowering of tariffs, one of the singular features of the Chinese economy is its huge exposure to foreign trade, which accounts for around 75 per cent of GDP, far in excess of other major economies like the United States, India, Japan and Brazil, where the figure is 30 per cent or less.[24] Such exposure makes China that much more significant in the global economy; it also leaves the country more vulnerable to external shocks such as a global downturn, a US recession or growing protectionist sentiment in the West.

China is in the midst of what Marx described - writing of the British Industrial Revolution - as primitive accumulation, or what we now know as economic take-off: the process in which the majority of the working population moves from the land to industry, from the countryside to the cities. Between 1952 and 2003, agriculture's share of GDP fell from 60 per cent to 16 per cent and its share of employment from 83 per cent to 51 per cent.[25] Although it took China only 10 years to double its per capita output (1977- 87) - a measure of the speed of economic take-off - compared with 58 years for the UK, 47 for the US and 11 for South Korea, after three decades of economic growth averaging 9.5 per cent,[26] around half the people still work on the land. It is estimated that even 20 years hence

around 20 per cent of the population will still live in the countryside.[27] A crucial consequence of this relatively ‘limitless’ supply of rural labour is that wages for unskilled work will remain depressed for several decades to come: in other words, for much longer than was the case with the earlier Asian tigers.[28] This does not mean that wages in the more developed regions like Guangdong will remain low: on the contrary, as we have seen, they have already risen considerably.[29] But in the poor, still largely rural, interior provinces they will continue to be much lower, which is the reason why low-end manufacturing is steadily relocating there. The rapid growth of the Chinese economy since 1978 has largely been a function of the extremely high rate of investment, in the region of 40 per cent of GDP for many years, presently edging closer to 45 per cent, and soon to approach 50 per cent.[30] Such an extremely high rate of investment has been possible because of the similarly high rate of domestic savings, running at around 40 per cent of GDP, which, together with inward investment, has provided the main funds for China’s take-off. In 2001 the average Chinese household saved 25.3 per cent of its disposable income, compared with 6.4 per cent in the US in 2002. The huge savings made by Chinese families have played a key role in funding the country’s rise (see Figure 11).[31]

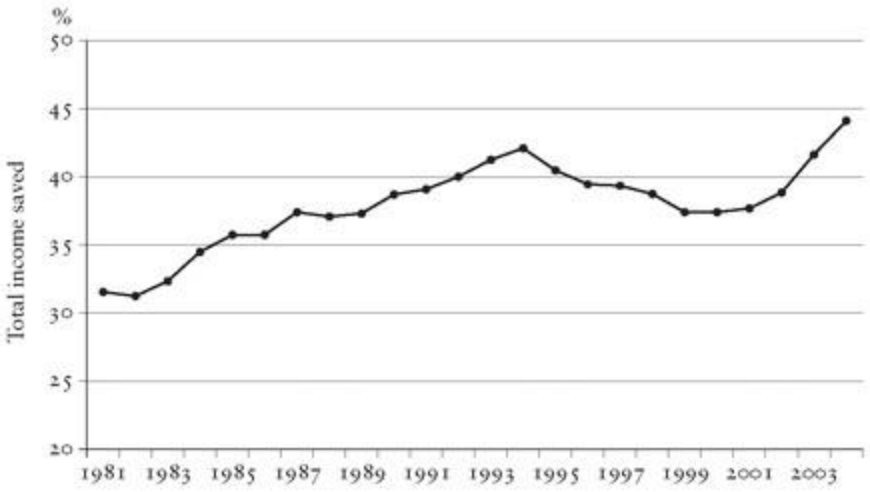


Figure 11. China’s savings rate from 1981.

It is instructive to compare the experiences of China and Russia because both were confronted with the problem of how to move from a command to a market economy. Russia relied on the preferred Western prescription of shock therapy, which in the nineties led to hyper-inflation, large-scale capital flight, currency collapse and default on foreign debt. In contrast China, by pursuing a more gradualist approach, avoided hyper-inflation, the government remained internationally creditworthy and there was no capital flight. While in Russia the state sector was sold off at knock-down prices to assorted cronies, the state sector in China, rather than being subject to wholesale privatization, was contracted by a slow process of attrition. In *Forbes Magazine* 's listing of the world's 100 richest billionaires in 2007, thirteen were in Russia and none in China. In 1990, China's GDP was less than twice as big as Russia's; by 2003 it was more than six times as large. The subsequent rebound in the Russian economy, prior to the global downturn, was largely a result of the increase in the price of its oil and gas exports. The Chinese leadership has displayed great patience and considerable competence at tackling a succession of difficult and elusive problems. At the end of the nineties, for example, the government was faced with three extremely difficult domestic issues: closing a very large number of loss-making state enterprises; overhauling the state banks, which were saddled with a large and rising proportion of non-performing loans, mainly to indebted state enterprises; and strengthening the weak fiscal position of central government. A decade later, the government is well on the way to overcoming these problems, having greatly reduced the problem of indebted state enterprises, transformed the condition of the banking system and improved its own finances.[32]

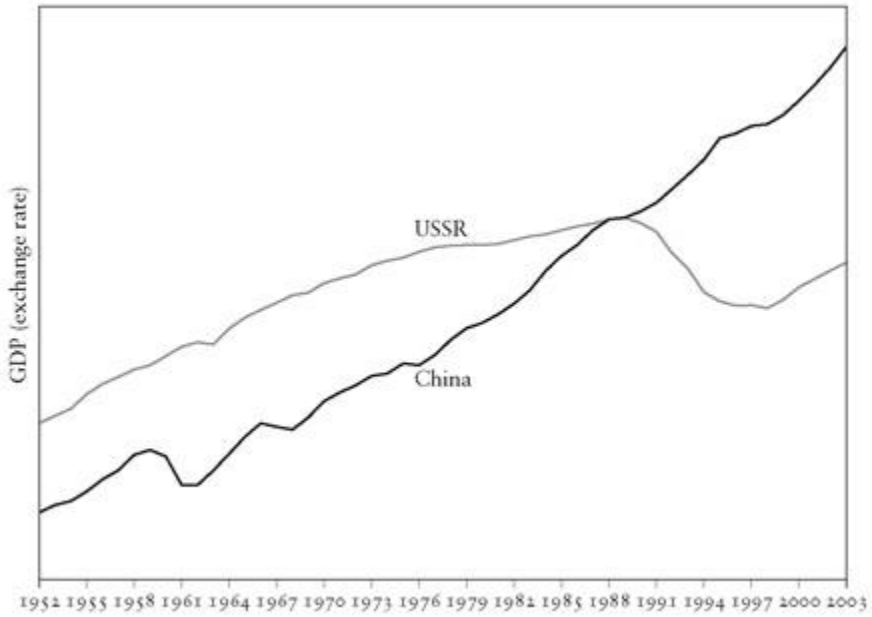


Figure 12. Economic performance of China and the USSR compared.

Given its scale and speed, China's economic transformation is surely the most extraordinary in human history, notwithstanding the sheer novelty of Britain's as the first. The government's economic strategy, shrewd and far-sighted, has been very successful,[33] resulting in stellar economic growth and a rise in per capita income from $339 in 1990 to over $1,000 in 2003, with the not unrealistic aim that this will be doubled within ten years.[34] Economic growth is no longer confined to a few 'islands' but has spread out in waves to most provinces of China, albeit in sharply varying degrees. In a remarkably short space of time, China has become the centre of global manufacturing. 'Made in China' has become synonymous with a host of mass-produced consumer products throughout the world. It produces two-thirds of the world's photocopiers, shoes, toys and microwave ovens; half its DVD players, digital cameras and textiles; one-third of its DVD-ROM drives and desktop computers; and a quarter of its mobiles, television sets, PDAs and car stereos.[35] The country has borne witness to the greatest poverty-reduction programme ever seen, with the number of people living in poverty falling from 250 million at the start of the reform process in 1978 to 80 million by the end of 1993 and 29.27 million in 2001, thereby

accounting for three-quarters of global poverty reduction during this period.[36]

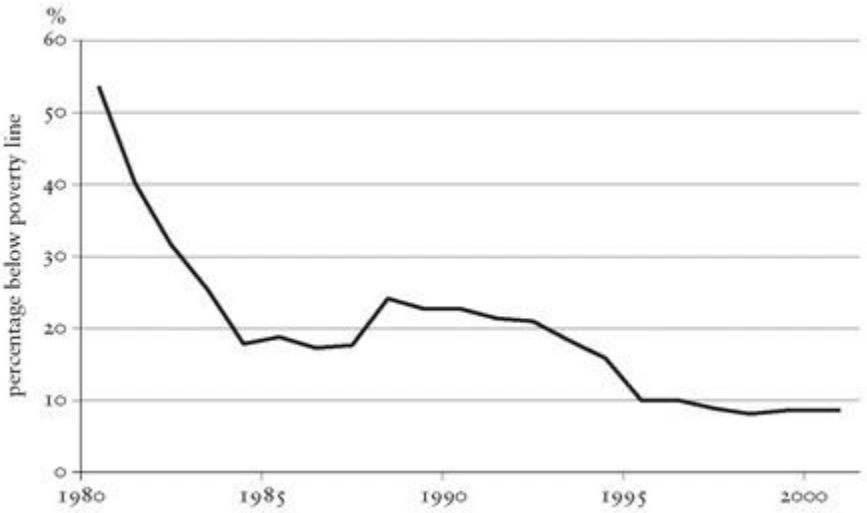


Figure 13. The decline in poverty in China.

Although foreign multinationals dominate the country's exports, home-grown Chinese firms like Haier, Konka, TCL, Huawei and Galanz have done well in such sectors as domestic appliances, television and telecommunications. Encouraged by the 'Go Global' campaign initiated by the government, the larger Chinese firms have begun to invest abroad and establish overseas subsidiaries.[37] China has made astounding economic progress, but its transformation is far from complete. It remains a work in progress. Although it is already the world's second largest economy in terms of GDP (measured by purchasing power parity), this is primarily a consequence of population size rather than economic sophistication. Can China fulfil its enormous potential and become an economic superpower?

HOW SUSTAINABLE IS CHINA'S ECONOMIC GROWTH?

At the centre of any discussion about China's future role in the world - let alone talk of a Chinese century - lies the country's economic prospects. A commitment to a growth rate of around 10 per cent remains fundamental to the government's strategy. China needs to create 8 million jobs a year for its expanding urban population, plus another 15 million or so for the new rural migrants who seek urban employment every year.[38] Rapid economic growth will therefore remain at the heart of government strategy, with any serious and sustained drop below 8 per cent carrying the threat of serious social unrest. But, after a quarter-century, can this kind of growth rate be sustained? What are the limits to China's present growth path? Could its present strategy go badly wrong? And, crucially, what will be the impact of the global contraction that has transformed the short-term outlook for China?

The basic global competitiveness of the Chinese economy - the remarkable performance of its exports, which have driven economic growth and made the country such an attractive destination for foreign investment - will persist for many years to come because the condition on which it rests, the huge migration of rural labour into the cities, is destined to continue for several decades. Even if labour costs rise, as is already happening in the coastal regions and the Shanghai area, the inland provinces, fuelled by migrant rural labour, will help to contain inflationary pressures.[39] China's present economic path, thus, can potentially be sustained, at least in its broadest outlines, subject to significant reform, for at least the next five to ten years, perhaps longer.[40] But there are no guarantees. Yu Yongding, one of China's top economists, suggested in an interview in 2006 that there was a 30 per cent chance of things going seriously wrong.[41] The economy, given its high degree of exposure to trade, is very sensitive to exogenous developments. The global recession will be a major test of the extent to which the Chinese economy can maintain rapid economic growth in a situation where it can no longer depend to the same extent on Western export markets - prior to the global crisis, the European Union accounted for around 22 per cent of Chinese exports and the United States 18 per cent.[42]

In the context of the gathering recession, China's economic growth rate is estimated to have been 9 per cent in 2008 and is projected to fall to 6-8 per cent in 2009, from 12 per cent in 2006 and 2007, and an average of well over 10 per cent since 2002. The government is seeking to compensate for

falling Western demand by encouraging domestic consumption, which accounts for around one-third of total output, and engaging in large-scale public expenditure, mainly on infrastructure, education and health. The government is fortunate in enjoying very strong finances and is therefore in a position to lavish considerable resources on stimulating the economy. The contrast, here, between the debt-laden, cash-impoverished, low-growth Western economies and the cash-rich, fast-growth, surplus-generating Chinese economy could hardly be greater, not to mention the fact that while the Western financial sector is effectively bankrupt, that of China is deposit-rich. This notwithstanding, the problems facing the Chinese economy are severe. In early 2009, it was estimated that 20 million migrant workers had already lost their jobs, with the prospects for those many millions planning to leave the countryside in search of work in the cities bleak. It is possible that the government's efforts to compensate for the drastic fall in exports and declining foreign investment by increased public spending on infrastructure and social services, together with increased consumer expenditure, will ameliorate the effects of the downturn. Much will depend on the gravity of the recession in the West. If it results in a major contraction in the size of their economies, as seems possible, and if the recession persists for several years, the consequences for the Chinese economy are likely to be severe, with growth rates falling below 6- 7 per cent, and perhaps even lower. In such circumstances, the government might face rising social unrest as unemployment escalates. The most benign scenario is one in which the Western recession is not too deep and relatively short-lived, and the Chinese government's counter-measures are relatively effective. The most pessimistic scenario is one in which the Western recession bears strong echoes of the slump in the 1930s, both deep and protracted, the US resorts to protectionist measures against China and the Chinese government's compensatory policies simply cannot cope with the collapse of its exports and inward foreign investment; such an outcome could presage social instability and might weaken the government's own position.

One advantage that the government enjoys in this situation is that the renminbi is a non-tradeable currency and therefore not subject to volatile movement or speculation. The government has hitherto resisted the temptation to liberalize the capital account and allow the renminbi to float, which would have the effect of enhancing the renminbi's role, promoting

China's financial position and making it easier for Chinese firms to invest abroad. The main downside with such a strategy is that the savings which have underpinned China's huge level of investment might be undermined as savers go abroad in search of rates of return far in excess of the paltry levels they can find at home, thereby denying the country the funds for investment that it has hitherto enjoyed, with the inevitable consequence that the growth rate would decline. In addition, a floating renminbi would be vulnerable to the kind of speculative attack suffered by the Korean won, Thai baht and Indonesian rupiah in the Asian financial crisis.[43] Although Zhu Rongji, the then Chinese premier, intended to begin the liberalization of the capital account in 2000, the Asian financial crisis persuaded him that such a change would be imprudent. The present global financial turmoil only goes to confirm the wisdom of the Chinese leadership in continuing to regulate the capital account, despite persistent calls from the West to deregulate. In due course, a gradual liberalization could well be initiated, indeed there are already clear signs of this, but the Chinese government is aware that the existing system provides the economy with a crucial firewall, especially given its open character and consequent exposure to external events.[44]

Whatever the consequences of the global recession, there are powerful reasons for believing that the present growth model is unsustainable in the long run, and probably even in the medium term. Indeed, there has been a growing recognition amongst Chinese policy-makers and advisors that important modifications already need to be made to the model ushered in by Deng and intimately associated with his successor Jiang Zemin.[45] That process, championed by Hu Jintao, has already begun, with a shift away from the neo-liberal excesses of the nineties and towards a more harmonious society, echoing an older Confucian theme, with a new emphasis on egalitarianism, greater weight attached to social protection, a desire to lessen the importance of exports and increase that of domestic consumer spending, and a turn away from the influence of the United States - or 'de-Americanization', as it has become known.[46] Such changes are likely to be hastened by the global crisis and attempts to mitigate its effects.

Economic growth cannot depend upon a constantly rising proportion of GDP being devoted to investment, as is presently the case, because it would absorb an increasingly untenable proportion of the country's resources, thereby imposing unsustainable pressures on consumption, for example. There needs to be a greater emphasis on the efficiency of capital and

improving labour productivity, rather than an overwhelming dependence on investment, too much of which is wasteful: if not, economic growth will inevitably decline as the limits to higher and higher volumes of investment assert themselves. The ability to move up the technological ladder is fundamental to this. There is considerable evidence that this is already happening, with exports of cheap-end products like toys falling in the global recession and those of high-tech products rising. Similarly China will have to reduce its present level of exposure to foreign trade, which has made it highly vulner-able to cyclical movements in the global economy, as the global depression has shown. There is a danger too, especially in the context of a depression, that China's export drive will provoke a hostile reaction and moves towards protectionism.[47] Instead, it is already abundantly clear that China will have to attach greater weight to domestic consumption.

A growing problem is that the priority attached to breakneck economic growth above all else has resulted in China moving in a very short space of time from being a highly egalitarian society to becoming one of the most unequal in the world.[48] The causes of that inequality are threefold: the growing gulf between the coastal and interior provinces, with the richest province enjoying a per capita GDP ten times that of the poorest (compared with 8:1 in Brazil, for example);[49] between urban and rural areas; and between those in the formal economy and those dependent on informal economic activities. [50] This is leading to growing social tension - evident, for example, in the relationship between migrant workers and local residents in the cities - which threatens to undermine the cohesiveness of society and the broad consensus that has hitherto sustained the reform programme.[51] The government has already begun to pay much greater attention to promoting a more egalitarian approach, though so far with limited effect.

A key question here is the financial ability of the state to act in the ways that are needed. In the early reform period, decentralization was deliberately encouraged, with central revenue falling from 34 per cent of GDP in 1978 to a mere 6 per cent in 1995, according to the Chinese economist Hu Angang.[52] The state found itself increasingly shorn of many of its old sources of revenue and responsibility. [53] Expenditure by the central state, in its turn, came to account for a rapidly declining proportion

of GDP: 31 per cent in 1978, reaching a trough of around 11 per cent in 1995. By the mid nineties there was deep concern about the loss of central state capacity that this involved, including the latter's ability to promote balanced development between the regions, and a determined attempt was made to reverse the process. There were even fears that individual provinces were beginning to operate like independent countries, with an increase in their external trade and a decline in trade flows between them.[54] As a result, the government introduced major tax reforms including, for the first time, taxes specifically earmarked for central government; previously, central government was dependent on a share of the taxes raised in the provinces, based on a process of bargaining between the two. The central government also acquired its own tax-collecting capacity, with a large majority of revenue now being collected centrally, some of which is then redistributed to the provinces. [55] Not surprisingly, the rich provinces strongly resisted paying higher taxes to central government.[56] By 1999, however, state expenditure had risen to 14 per cent of GDP and by 2006 to around 22 per cent.[57] Crucially, the state needs to be able to fund its new social security programme in order to provide for the tens of millions of workers made redundant by the state-owned enterprises which had previously been responsible for virtually all of their employees' social needs, including education, health and housing.[58] The problem is particularly severe with education and health, which have suffered from very serious public under-investment during the last decade, a cause of deep popular concern and resentment.[59] The government is deeply aware of these problems and in 2008 alone education expenditure was budgeted to rise by 45 per cent.[60] During the Maoist period, the state was responsible for almost 100 per cent of health expenditure: the figure is now around 16 per cent compared, for example, with about 44 per cent in the United States and over 70 per cent in Western Europe. As a result, a majority of the population can no longer afford healthcare. In April 2009 the government announced a major reform of the health system, including the short-term goal of providing basic insurance cover for 90 per cent of the population. The lack of a decent safety net and the threadbare character of key public goods fuel a sense of deep insecurity amongst many people, acting as a powerful incentive for them to save, even though the living standards of the vast majority, especially in the cities, have greatly improved.[61]

Finally, China's growth has been extremely resource-intensive, demanding of land, forest, water, oil and more or less everything else. Herein lies one of China's deepest problems.[62] The country has to support an extremely large and, for the most part, dense population in a situation where China is, and always has been, poorly endowed with natural resources. It has, for example, only 8 per cent of the world's cultivated land and yet must sustain 22 per cent of the world's population; in contrast, with only a fifth of China's population, the United States enjoys three times as much arable land and its farmland has been under human cultivation for one-tenth of the time of China's.[63] China's development, moreover, is rapidly exhausting what limited resources it possesses. Over the last forty years almost half of China's forests have been destroyed, so that it now enjoys one of the sparsest covers in the world. In 1993 it became a net importer of oil for the first time and now depends on imports for almost half its oil needs.

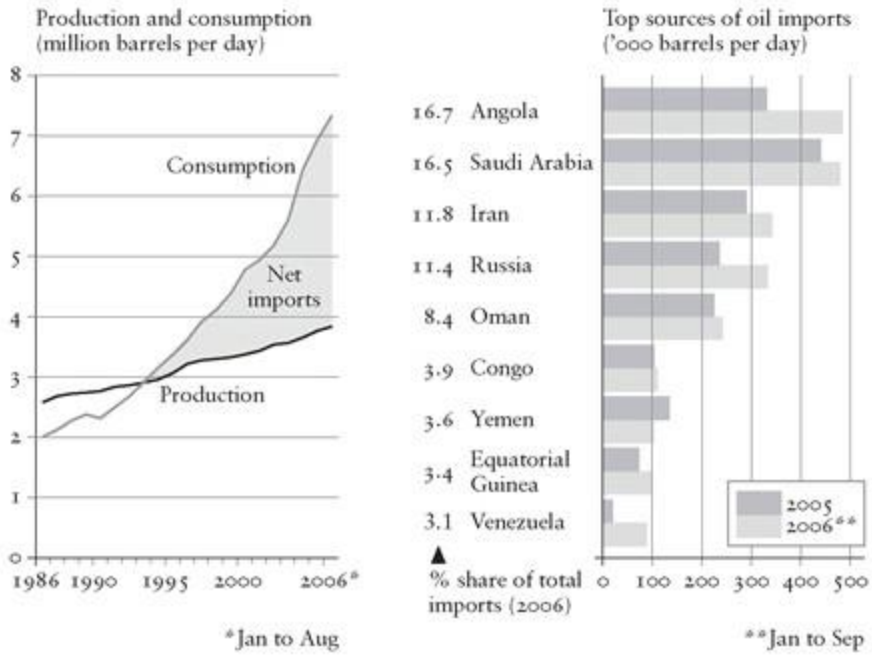


Figure 14. China's growing dependency on oil imports.

As a result, China is becoming increasingly dependent on the rest of the world for the huge quantities of raw materials that it needs for its economic

growth. It is already the world's largest buyer of copper, the second biggest buyer of iron ore, and the third largest buyer of alumina. It absorbs close to a third of the global supply of coal, steel and cotton, and almost half of its cement. It is the second largest energy consumer after the US , with nearly 70 per cent produced from burning coal. In 2005 China used more coal than the US, India and Russia combined. In 2004 it accounted for nearly 40 per cent of the increase in the world demand for oil.[64] If the Chinese economy was to continue to expand at 8 per cent a year in the future, its income per head would reach the current US level in 2031, at which point it would consume the equivalent of two-thirds of the current world grain harvest and its demand for paper would double the world's current production. If it were to enjoy the same level of per capita car ownership as the US does today, it would have 1.1 billion cars compared with the present worldwide total of 800 million; and it would use 99 million barrels of oil a day compared with a worldwide total production of 84 million barrels a day in 2006.[65] Of course, such a level of demand would be unsustainable in terms of the world's available resources, not to mention its global environmental impact, which would be dire.

THE ENVIRONMENTAL DILEMMA

The effects of China's great paradox - namely, a huge abundance of human resources and extremely sparse natural resources - are being experienced throughout the world via the global market. China's surfeit of labour has meant that the prices of manufactured goods it produces have fallen drastically while the prices of those commodities that China requires rose dramatically until the onset of the credit crunch. Together these constitute what might be described as the new China-era global paradigm. The great beneficiaries of China's growth, hitherto, have been the developed countries, which have enjoyed a falling real price for consumer goods, and those nations which are major producers of primary products. The present global recession has seen a sharp fall in commodity prices, but there is little reason to believe that their rise will not be resumed once economic conditions start to improve again, driven by demand from China and India.

The International Energy Agency has forecast that oil prices will rebound to more than $100 a barrel as soon as the world economy recovers and exceed $200 by 2030.[66] The resumption of rising commodity prices will make the present resource-intensive Chinese growth model increasingly, and ultimately prohibitively, expensive. Beyond a certain point, therefore, it will be impossible for China to follow the resource-intensive American model of progress; and that will happen long before China gets anywhere near the US's present living standards. Indeed, it is already clear that China has decided to pursue a less energy-intensive approach.

China, however, will find it extremely difficult to change course. For centuries it has pursued a highly extractive approach towards a natural environment which, compared with that of most nations, is extremely poorly endowed with resources, most obviously arable land and water, as measured by population density. China, for example, has only one-fifth as much water per capita as the United States. Furthermore, while southern China is relatively wet, the north, home to about half the country's population, is an immense parched region that threatens to become the world's largest desert.[67] The Chinese state, from the great canals of the Ming dynasty to the Three Gorges Dam of the present, has long viewed the environment as something that can be manipulated for, and subordinated to, human ends.[68] The level of environmental awareness, on the part of government and people alike, has been very low, though this is changing rapidly, especially in the main cities. The poorer a society, moreover, the greater the priority given to material change at the expense of virtually all other considerations, including the environment. It is much easier for a rich society to make the environment a priority than a poor society - and China remains a relatively poor society. By 2015 China will only have reached the same standard of living as most Western countries achieved in 1960 and the latter, able to draw either on their own natural resources or those of their colonies, enjoyed the luxury of being able to grow without any concern for environmental constraints until they were already rich.[69] In European terms, China has torn from the eighteenth century to the twenty-first century in little more than three decades, pursuing a similar resource-intensive strategy, with the environment never more than a footnote. The result is a huge ecological deficit of two centuries accumulated in just a few decades: growing water shortages, over three-quarters of river water that is unsuitable either for drinking or fishing, 300 million people lacking access

to clean drinking water, rampant deforestation, sixteen of the world's twenty worst-polluted cities, acid rain affecting a third of Chinese territory, desert covering a quarter of the country, and 58 per cent of land classified as arid or semi-arid.[70]

China, still poor though it may be, will not have the option of postponing until the time it has achieved rich-country status two of its most pressing environmental issues. Willy-nilly, it will be obliged by cost pressures to shift towards less resource-intensive technologies. With the price of oil likely to increase considerably, at least in the medium term, China has already begun to seek ways of limiting its consumption of oil by, for example, imposing heavier taxes on gas-guzzlers and encouraging the development of alternative car technologies:[71] in Shanghai, which is China's environmental leader, it now costs around £2,700 to register a new car.[72] Chinese economist Yu Yongding is certain the country will take action: 'A billion Chinese driving gas-hogging SUVs is just a fantasy. Believe me, the Chinese are not so stupid. China has to and will reduce its reliance on oil imports.'[73] The other irresistible environmental challenge is global warming. This will in due course oblige China to seek ways of limiting its production of CO 2 in the same manner that, in time, it will force every other country to seek alternative forms of growth.[74] Like India, China has resisted the idea that it should be subject to the same constraints as rich countries, on the grounds that the latter have been pumping greenhouse gases into the atmosphere for much longer and therefore bear a much greater responsibility for global warming. The major contributor to China's energy consumption, moreover, is not the domestic consumer, whose needs are minimal, but the export trade. The reality is that 40 per cent of China's energy goes into producing exports for Western markets: in other words, the West has, in effect, exported part of its own greenhouse emissions to China.[75] The minimal historical contribution made by the developing world to global warming was recognized in the Kyoto Protocol, which excluded them from its provisions, but the refusal of the United States and Australia to participate rendered the accord largely ineffectual. But with China having overtaken the United States as the biggest emitter of CO_2 in 2007[76] (even though its per capita CO_2 emissions remain one-seventh of those of the US),[77] the idea that countries such as China and India can be excluded from any future agreement is no longer plausible,

especially as the effects of global warming - already very evident in China itself, with accelerating desertification, reductions in agricultural yields, changing patterns of precipitation, the increased incidence of storms and droughts, and extreme weather like the prolonged snowfalls in central China in 2008[78] - grow ever more serious. The environmental impact of energy use in China is particularly adverse because its dependence on coal - of a particularly dirty kind - is unusually high (60 per cent compared with 23 per cent in the US and 5 per cent in France) and carbon emissions from coal are proportionately much greater than from oil and gas.[79] Although the Chinese leadership has resisted the idea that the country should be subject to internationally agreed emission targets, it has accepted the scientific argument concerning global warming and, in both speeches and the growing volume of new environmental regulations, is displaying a heightened awareness of the problem.[80] In fact on paper China already has some of the most advanced laws in the world on renewable energy, clean production, environmental impact assessment and pollution control, though these still remain widely ignored in practice.[81] The government continues to resist the idea that environmental considerations should detract from the priority of rapid economic growth, but there is, nonetheless, widespread recognition of their urgency at the highest levels of the Chinese leadership.[82] The need for China to embrace a green development strategy, rather than relying on the old intensive model, has been powerfully argued by the influential Chinese economist Hu Angang.[83]

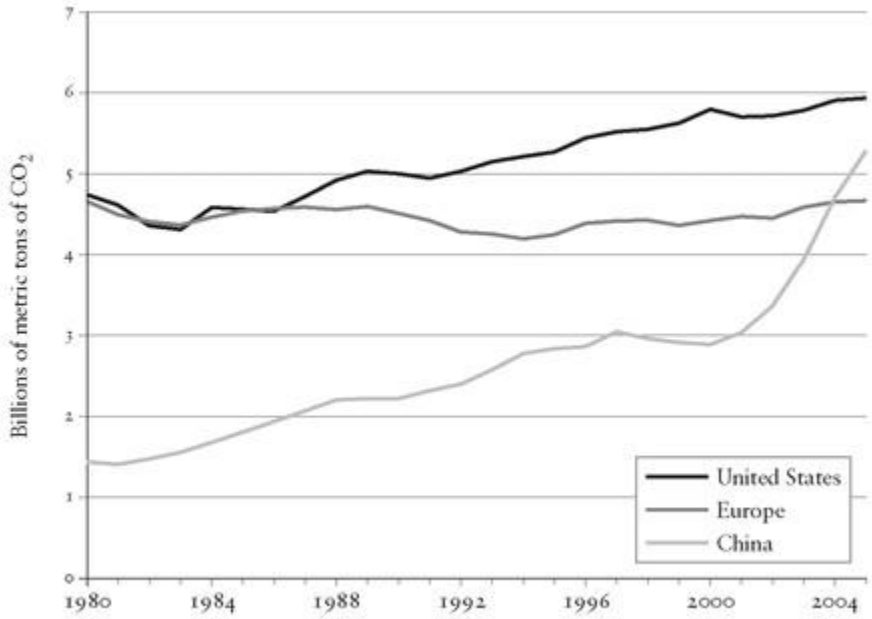


Figure 15. CO_2 emissions compared.

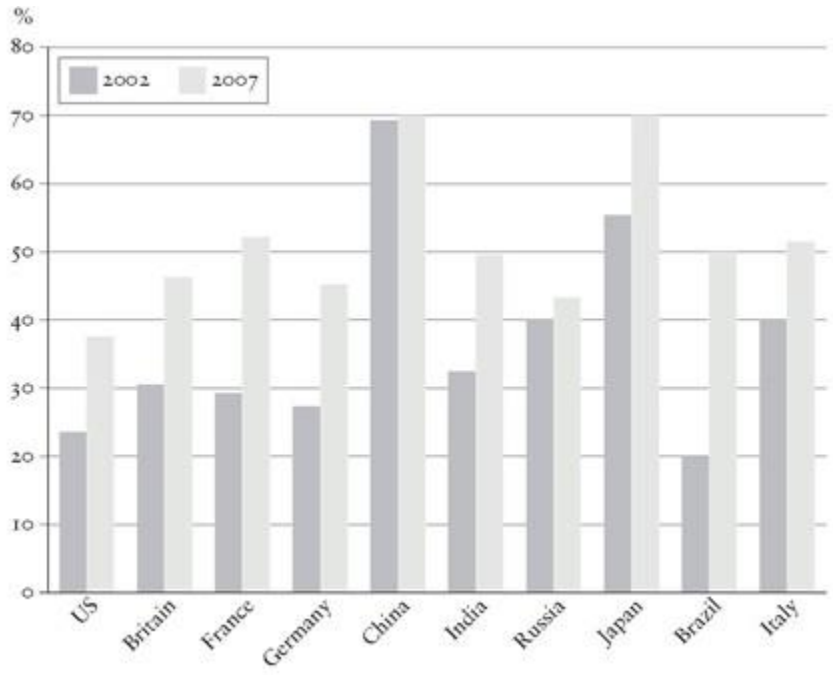


Figure 16. Growing concern over environmental problems.

China's position on climate change is evolving rapidly. The two targets it has adopted as part of its 2007 energy security strategy will have a significant impact on reducing the growth in emissions - namely, decreasing the energy intensity of the Chinese economy by 20 per cent by 2010 and increasing the use of renewables from 5 per cent to 20 per cent of energy production by 2020. It is already the world's largest user of alternative energies, including wind power.[84] It is making huge investments in a wide range of clean-technology innovations, especially in wind, solar and hydrogen. Such is the scale of these investments that whatever technologies China develops in clean and renewable energies are likely in practice to become the new global standard. It could easily become the world's leading manufacturer of renewable energy plants, and at a price, furthermore, affordable to other developing countries. [85] It is widely believed that in the relatively near future some of the most exciting potential breakthroughs in photovoltaics (the use of solar cells for the generation of electricity) and hydrogen-powered vehicles may come out of China rather than the United States.[86] The two largest Chinese car producers are in the process of launching hybrid models, and, encouraged by the government, they, together with other manufacturers, have ambitious plans to become world leaders in electric and other alternative-energy vehicles.[87] Just as its economic development combines both the backward and the advanced, so the same could well prove to be the case with the environment, as the drastic action taken by the central government in advance of the Beijing Olympics to try and improve the capital's appalling air quality, including major restrictions on the use of cars, illustrated.[88]

LOW TECH OR HIGH TECH?

At present, China's comparative advantage lies in low-end manufacturing, where it is able to exploit the huge supply of cheap unskilled labour and thereby produce at rock-bottom prices - or 'China prices', as the new global benchmark has become known - for the world market.[89] In the longer run,

there are two inherent problems with this. First, in terms of the total costs of getting a product to market, the proportion represented by manufacturing is very small - around 15 per cent of the final price - with the bulk of costs being creamed off by design, marketing, branding and so forth, tasks which are still overwhelmingly carried out in the developed world.[90] Second, most of China's exports are produced by Western and Japanese multinationals, with Chinese manufacturers cast predominantly in the role of subcontractors. In other words, China's role is basically as the low-end manufacturing subcontractor in the multifarious global operations of multinationals based in the developed countries.[91]

There is, however, plenty of evidence that China is steadily climbing the technological ladder. Like all newcomers, it has been obliged to make it up as it goes along and find its own distinctive path. One avenue used by China to gain access to new technologies has been a combination of copying, buying, and cajoling foreign partners in joint-ventures to transfer technology in return for being granted wider access to China's market. The lure of the latter has proved a powerful bargaining counter, especially with second-tier multinationals.[92] In a short space of time, China has already overtaken many South-East Asian countries in important areas of technology, and its ability to drive a hard bargain with foreign multinationals has been a major factor in this. While Proton, Malaysia's national car company, has been unable to persuade any of its various foreign partners - most notably Mitsubishi - to transfer key technology, the Chinese car companies have, one way or another, been rather more successful. The bargaining counter of size carries great clout: China has fifty times the population of Malaysia.[93] There is another route by which China has been negotiating its way up the technological ladder: when foreign multinationals move their manufacturing operations to China, there is a strong tendency for other functions to follow so as to take advantage of economies of scale, for reasons of convenience, and because highly skilled Chinese labour is plentiful and cheap.[94] The textile industry in Italy, for instance, has progressively migrated to China, starting with manufacturing, followed by more value-added processes like design.[95] Microsoft, Motorola and Nokia have all established major research and development centres in Beijing, while Lucent-Alcatel has done the same in Nanjing. As a

consequence, Chinese professionals will become increasingly important players in the R & D activity of such leading-edge multinationals.[96]

In the longer term, however, the key to China's technological potential will lie in its ability to develop its own high-level research and development capacity. Because China's growth has hitherto relied overwhelmingly on imported technologies, only 0.03 per cent of Chinese firms own the intellectual property rights of their core technologies. Moreover, Chinese companies spend on average only 0.56 per cent of turnover on research and development, and even in large firms this only rises to 0.71 per cent.[97] However, enormous efforts are being made to change this state of affairs, with the aim of increasing R & D spending from $24.6 billion (1.23 per cent of GDP) in 2004, to $45 billion (2 per cent of GDP) in 2010, and $113 billion (2.5 per cent of GDP) in 2020.[98] Considerable progress has already been made in a very short space of time. China has become a major player in the production of scientific papers, its contribution rising from around 2 per cent of world share in 1995 to 6.5 per cent in 2004.[99] Citation rates, although very low, are also rising exponentially.[100] The overall figures hide strengths in particular areas, most notably material science, analytical chemistry and rice genomics. A recent analysis of nanoscience publications shows that China ranked second behind only the US in 2004.[101] Not surprisingly, publications are concentrated amongst a handful of elite centres such as the Chinese Academy of Science, Beijing University and Tsinghua University (also in Beijing), which China is seeking to develop as world-class institutions.[102]

Among China's strengths is the fact that it possesses a large number of highly educated professionals as well as a strong educational ethos.[103] The country is now producing over 900,000 science, engineering and managerial graduates every year. In addition a significant number of Chinese students are educated at the top American universities, although a sizeable proportion choose to stay on and work in the US afterwards: Chinese, for example, account for around one-third of all professional and technical staff in Silicon Valley.[104] The Chinese government has been intensifying its efforts to persuade overseas Chinese to return home: 81 per cent of the members of the Chinese Academy of Sciences and 54 per cent of the Chinese Academy of Engineering are now returned overseas scholars.[105] Overall, it is estimated that around 20 per cent of Chinese

professionals working overseas have now returned, thus repeating a similar pattern that occurred with earlier Korean migration.[106]

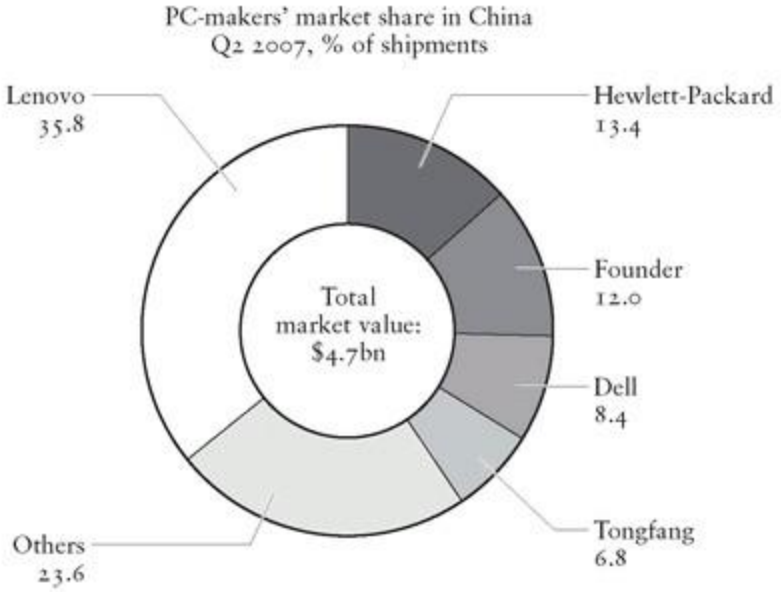


Figure 17. Lenovo commands largest share of China's PC market.

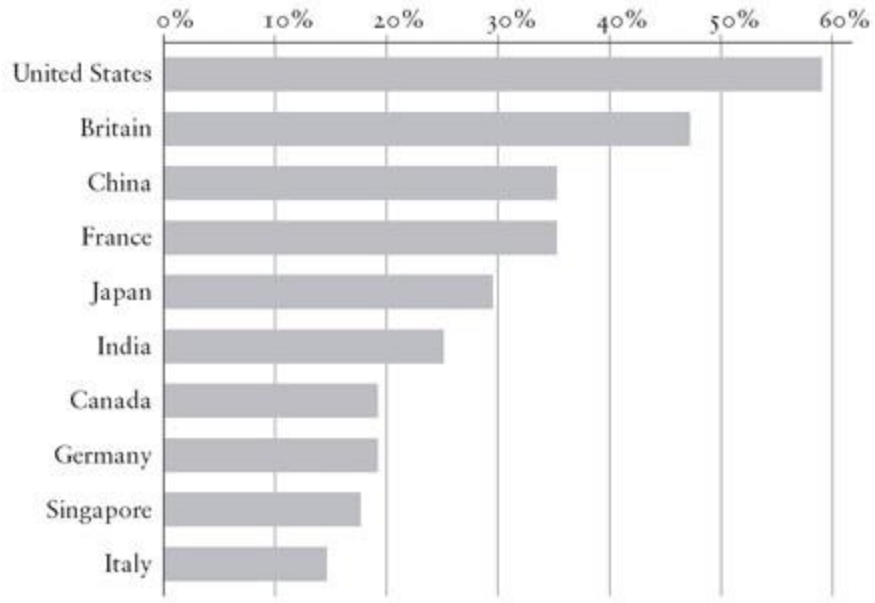


Figure 18. Percentage of multinationals with R & D centres in various countries in 2006.

The technological picture, as in virtually every other aspect of China's development, is extremely uneven, combining the primitive, the low-tech, the medium-tech, and pockets of advanced, even very advanced, technology. [107] There is, however, little reason to doubt that China will scale the technological ladder.[108] This, after all, is exactly what happened with other Asian tigers, most obviously Japan, South Korea and Taiwan, all of which started on the lowest, imitative rungs, but which now possess impressive technological competence, with Japan and South Korea well in advance of most European countries. The evidence is already palpable that China is engaged in a similar process and with the same kind of remarkable speed.[109] It is an illusion to think that China will be trapped indefinitely in the foothills of technology. In time it will become a formidable technological power.

China's growing ability to climb the technological ladder, however, does not imply that it will be successful in building a cluster of successful international firms. Until very recently, China fared very poorly in the Fortune Top 500 global firms. Of the world's top ten brands, only one, China Mobile, is Chinese, and of the top 100, only four are Chinese.[110] However, the picture is beginning to change. In 2006, 20 Chinese firms featured in the Fortune Top 500, by 2007 the number had risen to 24, and by 2008 to 29, including four state-owned banks, the largest construction companies and the oil giant Sinopec. This compares with 153 from the US, 64 from Japan, 39 from France, 37 from Germany, 34 from the UK, and 15 from South Korea. Major Chinese manufacturers like Haier, Galanz and Konka, which have cornered the lion's share of the domestic market in consumer appliances and also made serious inroads in many developing markets, however, still remain, in comparison with their American, European, Japanese and Korean competitors, very weak in terms of size, management, governance, and research and development.[111]

Unlike the early Asian tigers, Chinese firms were unable to postpone their move into foreign markets and production until they had acquired a solid financial foundation, technical competence, a well-established brand and high profitability based on domination of their home market; the major motive for many Chinese companies going abroad, in contrast, has been

their desire to escape the cut-throat competition - much of it foreign - and sparse profits of the domestic market following China's accession to the WTO.[112] Peter Nolan, an expert on Chinese business, has argued that it will be extremely difficult for Chinese companies to make the A-list of multinationals precisely because they have not had the chance to build themselves up domestically behind a protectionist wall. He also suggests that over the last twenty years there has been a global business revolution, as a result of which Chinese companies, far from catching up, have fallen even further behind the top international firms, making their task even more difficult.[113]

If China fails to produce a cluster of major international firms it will stand in sharp contrast to Japan, South Korea and Taiwan.[114] But it is premature to think in these terms. However difficult and different the circumstances China faces, it is already busy inventing its own path of development, as Britain did as the pioneer country, the United States as the inventor of mass production, and Japan as the innovator of a new kind of just-in-time production. What might this be? In the Chinese car market, the more expensive sectors are overwhelmingly the preserve of European, American and Japanese firms, but emergent Chinese firms like Chery and Geely dominate the lowest segment. [115] Chinese firms are able to produce cars much more cheaply than foreign producers because they use a modular, or mix and match, approach rather than the integrated method of production for which Japanese firms are renowned. Firms such as Geely and Chery utilize a range of parts which are borrowed, copied or bought from foreign companies. The end product is of relatively low quality but extremely cheap. The Chevrolet Spark, which is very similar to the Chery QQ, sells for twice the price. A similar kind of approach can be seen with the Tata Nano in India, which sells for less than $2,500, half the price of the next cheapest car on the market.[116] Modular - or open architecture - production is extremely well suited to a developing country, being relatively labour-intensive and very difficult, if not impossible, for Western and Japanese firms to imitate. In the Chinese case, it was first developed by the motorcycle, truck and consumer appliance industries and then adapted by the domestic car firms.[117] The fact is that in China, as in most other developing countries, the low end of the market will remain by far the largest sector for many years to come. Despite fearsome competition from foreign producers, Chinese car manufacturers have very slowly been

increasing their share of the Chinese market, currently the world's second largest: in 2006 their combined market share was 25.6 per cent, just behind the total Japanese share of 25.7 per cent and ahead of the aggregate European share of 24.3 per cent, with Chery and Geely, the two largest, enjoying a combined share of around 10 per cent.

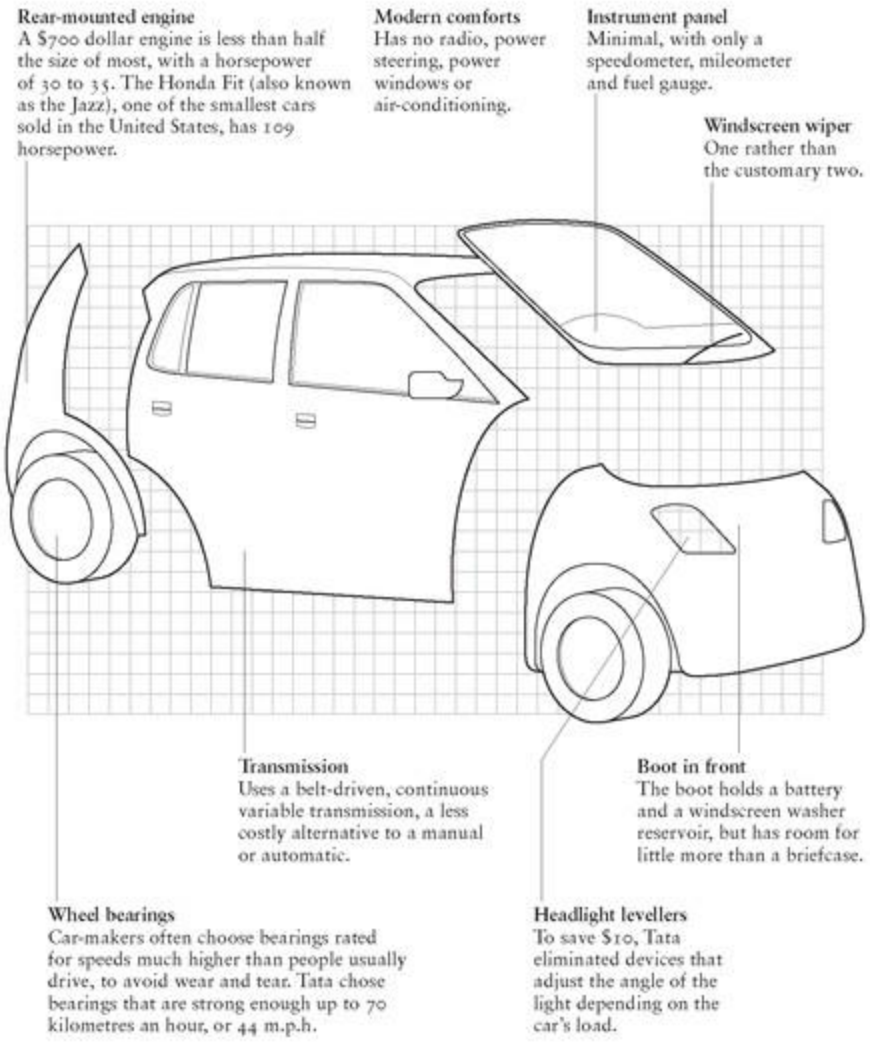


Figure 19. How to make a cheap car, Indian-style: the Tata Nano.

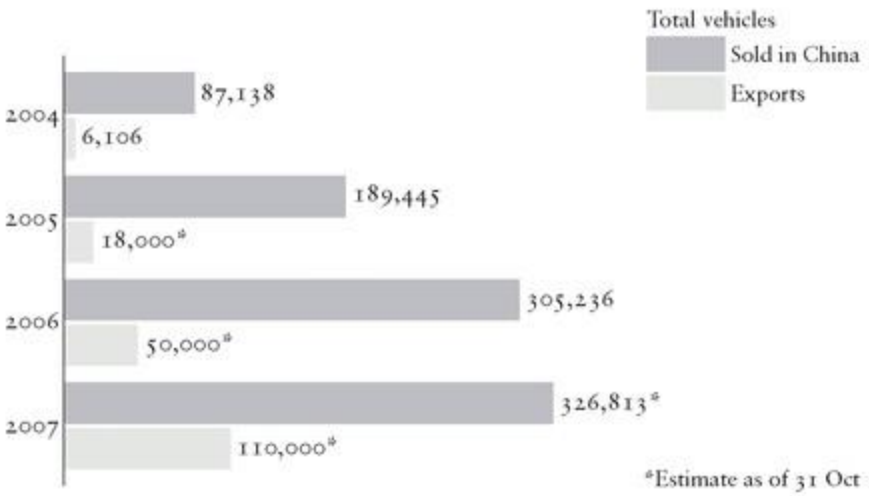


Figure 20. Sales of Chery cars, 2004-7.

This suggests that we should expect Chinese firms to enter at the bottom end of the global market for mass consumer goods, initially mainly in the developing world - of which there is already clear evidence[118] - but later moving into the developed world. It will take time for firms like Chery and Geely to establish themselves in Western markets, where standards and tastes are very different from the 'cheap-end' advantage presently enjoyed by Chinese firms. Indeed, both have postponed their American launch dates until around 2009 or later. A cautionary tale in this respect is provided by TCL, the Chinese TV manufacturer, which entered into a joint European venture with the French firm Thomson. It made a number of serious miscalculations based on its ignorance of the European market and announced in 2006 that it would close its European operations.[119] But TCL is an exception: Chinese electrical appliance firms have overwhelmingly chosen to establish their overseas manufacturing subsidiaries in developing rather than developed countries. There is a certain parallel, in this context, between Chinese firms initially targeting the developing world and the earlier experience of Japan and Korea. Japanese companies, for example, first dominated the then relatively poor local East Asian markets and only later began to make serious inroads into Western markets. In Europe and the United States, furthermore, both Japan and South Korea started at the cheap end of the market then steadily worked their way up. The same will be broadly true of China, except it will probably prioritize the developing

world even more strongly. Chinese exports to Africa, the Middle East, Asia and South America have recently been growing far more rapidly than those to the United States. China sent more than 31 per cent of its exports to the US in 2000 but that figure had dropped to just over 22 per cent by early 2007 and is now 18 per cent.[120]

Although China is already making significant progress in low- and medium-technology industries such as white goods and motor vehicles, it is also intent, in the longer term, on becoming a major player in a high-tech industry like aerospace. China will shortly begin production of its own regional passenger jet,[121] while Airbus has announced its intention of shifting some of its manufacturing capacity to China.[122] Possibly as a way of leapfrogging the development process, the main Chinese aerospace group was reported in 2007 to be considering investing in, or bidding for, six of Airbus's European plants that had been deemed surplus to requirements, although in the event no offer materialized.[123] Given time, it is inconceivable that China - already the second largest aircraft market in the world[124] - will not become a major aircraft producer in its own right. The fact that it is steadily developing its space programme - it conducted a successful manned space flight in 2003, launched a lunar orbiter in 2007 and plans to launch its own space station in 2020 - indicates that China is intent on acquiring highly sophisticated technical competence in the aerospace field.[125]

Looking into the future, therefore, one can anticipate a number of broad trends regarding the development of Chinese companies. We will continue to see the slow but steady emergence of Chinese multinationals in areas which play to their domestic comparative advantage, such as white and electrical appliances, motorcycles, trucks and cars.[126] We can expect Chinese brands to emerge in fields such as sports equipment (for example Li-Ning)[127] - linked to China's growing strength as a sporting nation - and Chinese medicine. We are likely to see Chinese firms become major competitors in high-tech areas such as aerospace (AVIC 1), telecommunications (China Mobile and Huawei), computers (Lenovo)[128] and perhaps in renewable energy (for example, Suntech Power Holdings). China's banks, construction companies and oil companies are already rapidly emerging as global giants, helped by the scale of the Chinese market and the resources at their disposal. In 2007 the boom on the Shanghai Stock

Exchange saw PetroChina briefly overtake Exxon as the world's largest company. By the end of 2007 China possessed three of the world's five largest companies, by value though not by sales, namely PetroChina, the Industrial and Commercial Bank of China (ICBC) and China Mobile.[129] We can also anticipate some of the big Chinese firms seeking to expand overseas by taking over foreign firms. There have already been examples of this with Lenovo acquiring IBM Computers and the Chinese oil giant CNPC unsuccessfully seeking to buy the US oil firm Unilocal; awash with cash and eager to shortcut their expansion, it is not difficult to imagine this happening on a much wider scale. An obvious area is commodities, with Chinalco's stake in Rio Tinto, the Anglo-Australian mining group, an example.[130] With many Western companies suffering from a serious shortage of cash as a result of the credit crunch, the takeover opportunities for cash-rich Chinese companies, the oil companies in particular, are likely to be considerable, with Western political opposition weakened by the recession.[131] Meanwhile the establishment of the China Investment Corporation, armed with funds of $200 billion, of which some $80 billion is for external investment, could give China growing potential leverage over those foreign companies in which it decides to invest.[132] Finally, we should not forget the increasing importance of Chinese subcontractors as 'systems integrator' firms in the global supply chain of many foreign multinationals, a development which might, in the long term at least, prove to have a wider strategic significance for these multinationals in terms of their management, research capability and even ownership.[133]

Crucial to the creation of international firms is overseas direct investment. One forecast has suggested that as early as 2010 China's outward direct investment will overtake foreign direct inward investment. It is estimated that overseas investment in 2008 was over $50 billion, a huge increase compared with 2002; official figures indicate that in 2006 60% went to Asia, 16% to Latin America, 7% each to North America and Africa, 6% to Europe and roughly 4% to Australasia.[134] (See Figure 21.)

THE CHINESE MODEL

The transition from a command economy to a market economy, involving a major diminution in the role of the state, has understandably focused attention on the similarities between the Chinese economy and Western capitalist economies. It is becoming evident, however, that just as the Japanese and Korean economies have retained distinctive characteristics in comparison with the West, the same also applies to China. Given that the Chinese leadership consciously chose to follow the path of market reform, rather than having it imposed upon them by *force majeure*, as in the instance of Russia, this is not surprising. The key difference in China's case concerns the role of the state. This should be seen as part of a much older Chinese tradition, as discussed in Chapter 4, where the state has always enjoyed a pivotal role in the economy and been universally accepted as the guardian and embodiment of society. The state in its various forms (central government, provincial government and local government) continues to play an extremely important role in the economy, notwithstanding the market reforms.

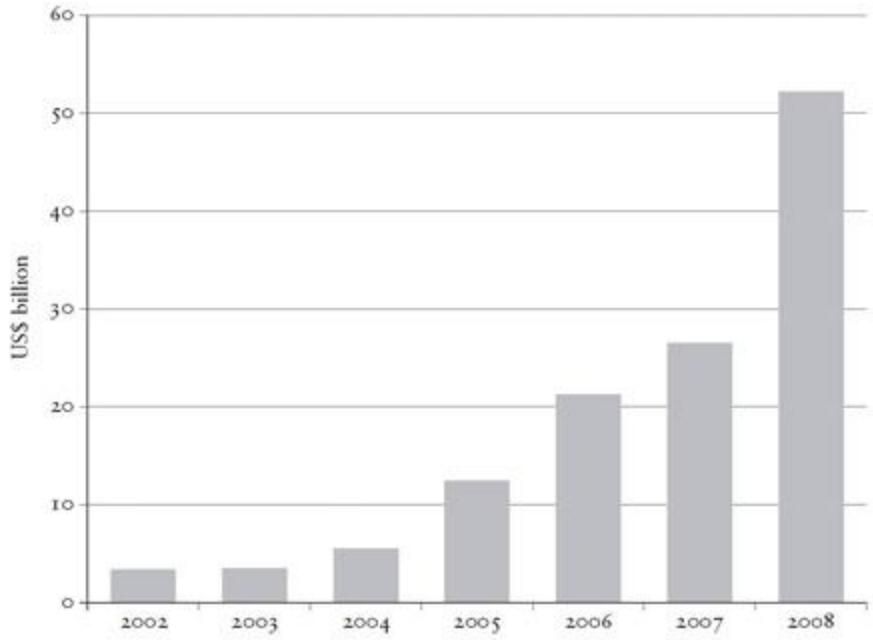


Figure 21. Growth of Chinese overseas investment.

Around the time of the Asian financial crisis in the late nineties, it appeared that China was on the verge of drastically contracting the role and number of its state-owned enterprises (many of which were highly inefficient and heavily subsidized), and following the well-worn path of privatization trodden by many other countries. In fact, a decade later, a rather different picture is emerging. Certainly, the number of state-owned enterprises has been severely reduced, from 120,000 in the mid nineties to 31,750 in 2004, a process which has been accompanied by major restructuring and pruning, with tens of thousands of jobs cut.[135] Rather than root-and-branch privatization, however, the government has sought to make the numerous state-owned enterprises that still remain as efficient and competitive as possible. As a result, the top 150 state-owned firms, far from being lame ducks, have instead become enormously profitable, the aggregate total of their profits reaching $150 billion in 2007. This has been part of a broader government strategy designed to create a cluster of internationally competitive Chinese companies, most of which are state-owned. Unlike the approach most countries have followed with regard to state-owned firms, which has seen them enjoying various degrees of protection, and often quasi-monopoly status, the Chinese government has instead exposed them to the fiercest competition, both amongst themselves and with foreign firms. They are also, unlike in many Western countries, allowed to raise large amounts of private capital. Of the twelve biggest initial public offerings on the Shanghai Stock Exchange in 2007, all were by state enterprises and together they accounted for 85 per cent of the total capital raised. Some of the largest have foreign stakeholders, which, despite tensions, has usually helped them to improve their performance. China's state-owned firms can best be described as hybrids in that they combine the characteristics of both private and state enterprises.[136] The leading state enterprises get help and assistance from their state benefactors but also have sufficient independence to be managed like private companies and can raise capital in the same way that they do. This hybrid approach also works in reverse: some of the largest privately owned companies, like the computer firm Lenovo and the telecommunications equipment maker Huawei, have been considerably helped by their close ties with the government, a relationship which to some extent mirrors the Japanese and Korean experience. Unlike in Japan or Korea, however, where privately owned firms overwhelmingly predominate, most of China's best-performing

companies are to be found in the state sector.[137] The steel industry has been awash with private investment, but the industry leader and technologically most advanced producer is the state-owned Baosteel. Chinalco, also state-owned, has become one of the world's largest producers of aluminium, and has designs on becoming a diversified metals multinational. Shanghai Electric is increasingly competing with Japan's Mitsubishi and Marubeni in bidding to build new coal-fired plants in Asia. China's two state-owned shipbuilding firms, China Shipbuilding Industry Corporation and China State Shipbuilding Corporation, are growing rapidly and starting to close the technological gap with their Korean and Japanese competitors. Chery, the state-owned car producer, with the fifth largest market share, has proved an extremely agile competitor and, given its limited resources, technologically ambitious and innovative. For the most part, it is these state-owned enterprises which are increasingly competing on the global stage with Western and Japanese companies.

The emergent Chinese model bears witness to a new kind of capitalism where the state is hyperactive and omnipresent in a range of different ways and forms: in providing assistance to private firms, in a galaxy of state-owned enterprises, in managing the process by which the renminbi slowly evolves towards fully convertible status and, above all, in being the architect of an economic strategy which has driven China's economic transformation. China's success suggests that the Chinese model of the state is destined to exercise a powerful global influence, especially in the developing world, and thereby transform the terms of future economic debate. The collapse of the Anglo-American model in the wake of the credit crunch will make the Chinese model even more pertinent to many countries.

A MATTER OF SIZE

The combination of a huge population and an extremely high economic growth rate is providing the world with a completely new kind of experience: China is, quite literally, changing the world before our very eyes, taking it into completely uncharted territory. Such is the enormity of

this shift and its impact on the world that one might talk of modern economic history being divided into BC and AC - Before China and After China - with 1978 being the great watershed. In this section I will concentrate on the economic implications of China's size.

When the United States began its take-off in 1870, its population was 40 million. By 1913 it had reached 98 million. Japan's population numbered 84 million at the start of its post-war growth in 1950 and 109 million by the end in 1973. In contrast, China's population was 963 million in 1978 when its take-off started in earnest: that is, twenty-four times that of the United States in 1870 and 11.5 times that of Japan in 1950. It is estimated that by the projected end of its take-off period in 2020, China's population will be at least 1.4 billion: that is, fourteen times that of the United States in 1913 and thirteen times that of Japan in 1973. If we broaden this picture, India had a population of 839 million in 1990 when it started its major take-off, nearly twenty-one times that of the United States in 1870 and ten times that of Japan in 1950.[138]

Total population is only one aspect of the effect of China's scale. The second is the size of its labour force. Although China's population presently accounts for 21 per cent of the world's total, the proportion of the global labour force that it represents is, at 25 per cent, slightly higher. In 1978, when the great majority of its people worked on the land, China only had 118 million non-agricultural labourers. In 2002 that figure had already increased to 369 million, compared with a total of 455 million in the developed world. By 2020 it is estimated that there will be 533 million non-agricultural labourers in China, by which time it will exceed the equivalent figure for the whole of the developed world by no less than 100 million. In other words, China's growth is leading to a huge increase in the number of people engaged in non-agricultural labour and, as a consequence, is providing a massive - and very rapid - addition to the world's total non-agricultural labour force.

The third effect of China's rise concerns the impact of its economic scale on the rest of the world. China's average annual rate of growth of GDP since 1978 has been 9.4 per cent, over twice the US 's growth rate of 3.94 per cent between 1870 and 1913. It is projected that the duration of their respective take-offs may be roughly similar: 43 years in the case of the US, 42 years for China, because, although the latter's growth rate is much faster, its population is also far larger. When the US commenced its take-off in

1870, its GDP accounted for 8.8 per cent of the world's total, rising to 18.9 per cent by 1913. In contrast, China's GDP represented 4.9 per cent of the world's total in 1978, but is likely to rise to 18- 20 per cent by 2020. In both instances, their GDP growth has had a major impact on the expansion of global GDP. In the 1980s, for example, the United States made the biggest single contribution of any country, accounting for 21 per cent of the world's total increase; in the 1990s, however, China, even at its present limited level of development, surpassed the US , which remained at 21 per cent, while China contributed 27.1 per cent to the growth of global GDP.

The fourth effect is the impact China will have on world trade. Before the Open Door policy, China was one of the world's most closed economies. In 1970 its export trade made up only 0.7 per cent of the world's total: at the end of the seventies, China's imports and exports together represented 12 per cent of its GDP, the lowest in the world. China's economic impact on the rest of the world was minimal for two reasons: firstly, the country was very poor, and secondly, it was very closed. But since 1978 China has rapidly become one of the world's most open economies. Its average import tariff rate will decline from 23.7 per cent in 2001 to 5.7 per cent in 2011, with most of that fall having already taken place.[139] Although its trade dependency (the proportion of GDP accounted for by exports and imports) was less than 10 per cent in 1978, by 2004 it had risen to 70 per cent, much higher than that of other large countries. China has now overtaken the United States to become the second largest exporter in the world, while in 2004 it ranked as the world's third largest importer, accounting for 5.9 per cent of the global total. By 2010 a developing country, in the shape of China, will for the first time become the world's biggest trader.

Each of these scale effects - population, labour, economy and trade - clearly has a mainly positive impact on the rest of the world, stimulating overall global growth and the expansion of national economies. But the fifth effect, China's consumption of resources, has a largely negative global impact: because the country is so poorly endowed with natural resources, its population so enormous and its economic development so intensive, its demand for natural resources has the double effect of raising the price of raw materials and depleting the world's stock of them, a process that, on the basis of recent trends, is likely to accelerate in the future.

CHINA'S GLOBAL ECONOMIC IMPACT

Although China remains a poor country, its per capita GDP only reaching $1,000 in 2003, it is already having a profound impact on the world. Along with the United States it has been the main engine of global economic growth, contributing no less than one-third of the world's growth in real output between 2002 and 2005. It has been widely credited with having pulled Japan out of its long-running post-bubble recession, having been responsible for two-thirds of the growth in Japan's exports and one-quarter of its real GDP growth in 2003 alone.[140] The emergence of China as the world's cheapest producer of manufactured goods has resulted in a sharp global drop in their prices. The price of clothing and shoes in the US, for example, has fallen by 30 per cent over the last decade. Major gainers from this have been consumers in the developed world, while the rise in commodity prices consequent upon Chinese demand had a beneficial effect on primary producers - many of which are based in the developing world - until the global downturn intervened. Anxious to secure sufficient supplies of raw materials to fuel its booming economy, China has been highly active in Africa, Latin America and the Middle East, concluding major agreements with Iran, Venezuela and the Sudan amongst many others. Another net gainer has been Russia, which is a major producer of many commodities, notably oil and gas; and, though rather less trumpeted, Australia. It is China's shortage of raw materials that has driven a major diplomatic offensive with many African and Latin American countries, including the ambitious China- Africa summit in Beijing in November 2006.[141] The main losers have been those developing countries, like Mexico, whose comparative advantage lies in similar labour-intensive production and that find themselves in direct competition with China.[142] They have also lost out to China in terms of foreign direct investment, with many international firms relocating their operations from these countries to China. The other obvious losers are blue-collar workers in the developed world who have found their jobs being outsourced to China.

By far the greatest impact of China's rise has been felt in East Asia. The main gainers have been the developed Asian tigers of North-East Asia - South Korea and Taiwan, together with Japan. They have been the beneficiaries of cheap manufactured goods produced in China while at the

same time enjoying growing demand from China for their knowledge and capital-intensive products.[143] Their own companies have relocated many of their operations to China to take advantage of much cheaper labour, as in the case of the Taiwanese computer industry.[144] The losers have been the same as those in the West, namely those workers displaced by operations outsourced to China. Unlike the United States, which has a huge trade deficit with China, all of these countries enjoy large surpluses with China. The nearest example in the region to a grey area is South-East Asia, whose economies are not so dissimilar to that of China, though Singapore and Malaysia, in particular, are rather more developed. Over the last decade, the ASEAN countries have seen a large slice of the foreign direct investment they previously received going to China. They have also lost out to China in the mass assembly of electronic and computer equipment - Singapore and Malaysia being notable examples - and have, as a consequence, been forced to move up the value chain in to order to escape Chinese competition.[145] The country that has suffered the greatest is Indonesia, whose economy most closely resembles that of China. Indonesia has lost out to China in terms of direct investment by foreign multinationals, which have opted for China rather than Indonesia as their preferred production base. On balance, however, China's growth has greatly benefited the ASEAN countries too, with China now comfortably ensconced as their largest trading partner, one of their biggest markets (if not the biggest), and in many cases their main provider of inward investment.[146]

A measure of China's growing impact on the world is the leverage that it enjoys in its relationship with the United States (notwithstanding the fact that the United States still enjoys a much larger GDP than China and an immensely higher GDP per head) as a result of the economic imbalances which lie at the heart of their relationship. China is comfortably the largest exporter to the US, with Americans displaying an enormous appetite for Made in China consumer products. As the United States exports relatively little to China, the latter has enjoyed a large and rising trade surplus which has grown very rapidly since 1999.[147] China has invested this surplus in various forms of US debt, including Treasury bonds, agency bonds and corporate bonds - in effect, a Chinese loan to the US - thereby enabling American interest rates to be kept artificially low to the benefit of American consumers and especially, until the credit crunch, holders of mortgages. Although the US was deeply in debt, China's continuing large-scale

purchase of Treasury bonds (which I will use as shorthand for various forms of US assets held by China) allowed Americans to continue with their spending spree, and then partially helped to cushion the impact of the credit crunch. In September 2008 China's foreign currency reserves totalled $1.81 trillion - a sum greater than the annual economic output of all but nine countries.[148] The rapid growth of its foreign exchange reserves has made China a colossus in the financial world. The importance of this has become even more apparent with the Western financial meltdown. While Western financial institutions, many Western companies and even some countries have found themselves starved of liquidity, China, in contrast, is blessed with an abundance of it. Strategically this puts China in a potentially powerful position to enhance its international financial and economic influence during the global recession, for example by buying foreign companies, especially oil and mineral firms.

How China deploys its reserves remains a matter of great concern, especially to the United States, since most are invested in US dollar-denominated debt. If China transferred significant amounts into other currencies - it is believed that it holds rather more than 60 per cent of its reserves in dollars (with less than 30 per cent in euros), though this is a tightly guarded secret[149] - it would have the immediate effect of depressing the value of the dollar and forcing US interest rates to rise: the larger the sum transferred, the bigger the fall in the dollar and the larger the rise in interest rates. But the government is also faced with something of a dilemma. It would certainly make good economic sense for China to transfer a large slice of its reserves out of US Treasury bonds: the dollar's value fell steadily in 2006- 8, then recovered somewhat, but there remains the strong possibility that its price might fall even further, perhaps precipitously so. China's vast dollar investments in US Treasury bonds furthermore earn miserable rates of return, which makes precious little sense for what is still a poor country.[150] However, if it tries to transfer significant sums of its reserves into other currencies, thereby provoking a further fall in the value of the dollar, then the value of its own dollar reserves will also decline. China is in a catch-22 situation. The two great, but utterly unlike, economic powers of our time find themselves - at least for the time being - in a position of bizarre mutual dependence.[151] This was graphically illustrated in the darkest days of the financial meltdown in September 2008, when it is believed that the Chinese were pressing the US

government to rescue Fannie Mae, Freddie Mac and subsequently AIG out of concern for its holdings in them, and the Americans were understandably afraid that China might otherwise sell off some of its dollar reserves, with dire consequences for the value of the dollar and its role as a reserve currency.[152]

Before these tumultuous events, China had already been exploring other ways of using its vast reserves. In early 2007 the government announced the formation of the China Investment Corporation, a new state agency to oversee investment of $200 billion of China's foreign currency reserves - similar to Temasek Holdings, the Singapore government's successful investment agency, which manages a $108 billion global portfolio of investments.[153] To test the water, the new agency placed $3 billion of its holdings with Blackstone, the US-based private equity group, thereby signalling Beijing's intention to switch some of its investments from US Treasury bonds into more risky equity holdings.[154] In fact it has since emerged that the State Administration of Foreign Exchange, which oversees China's reserves, has itself been investing rather more widely than was previously believed.[155] These moves herald China's rise as a major global financial player.[156] In the second half of 2007, as the credit crunch began to bite, China Development Bank took a significant stake in the UK-based Barclays Bank[157] and Citic Securities formed a strategic alliance with the US investment bank Bear Stearns before the latter went bust.[158] Three Chinese banks were also in talks about acquiring a stake in Standard Chartered, the UK-based emerging markets lender.[159] But most of this came to nought as the Chinese increasingly realized the likely severity of the credit crunch and the potential threat it represented to any stakes in Western financial institutions that it might purchase. When the financial meltdown came in September 2008, the Chinese found themselves relatively little exposed. Nonetheless, the enormous funds enjoyed by Chinese banks, based on the fact that the average household saves more than a quarter of its income and has nowhere else to invest it, mean that Chinese banks will become an increasingly formidable global force.

The relationship between the United States and China needs to be set in a broader global and historical context. The belated acceptance of China as a member of the WTO in 2001 marked the biggest extension of the world trading system since the beginning of the contemporary phase of

globalization in the late 1970s. As the largest recipient of foreign direct investment and soon to be the biggest trading nation, China's admission immediately transformed the nature and dynamics of the trading system. By acquiring a low-cost manufacturing base and extremely cheap imports, the developed world has been a major beneficiary of China's accession. But China itself has also been a big gainer, achieving wider access to overseas markets for its exports and receiving huge flows of inward investment, thereby helping it to sustain its double-digit growth rate.[160] Thus, so far, China's integration into the global economy has been perceived in terms of a win-win situation. Is that likely to continue?

China's impact on the global trading system is so huge, and also in the longer term so uncertain, that this is a difficult question to answer. There are already tensions over China's relationship with the WTO: on the one hand, there are accusations from the developed countries that China is failing to implement WTO rules as it ought to, while on the other hand, both the US and the European Union are using anti-dumping clauses (designed to prevent countries selling at unfair prices) as a pretext for deploying protectionist measures against Chinese goods.[161] There has been constant controversy around Chinese exports to the US . During 2007 these were concentrated on the safety of Chinese products, notably food and toys, as well as China's failure to observe intellectual property rights.[162] So far these skirmishes have been at the relative margins of their trading relationships but they could be a harbinger of growing tensions in the future. Although the present era of globalization was designed by and is the creature of the West, above all the United States, the greatest beneficiary has been East Asia, especially China.[163] If the West should decide at some point that China has been the chief beneficiary - *and to the West's growing detriment* - then the latter is likely to become increasingly protectionist and the present global system will be undermined. The process of globalization has already ground to a halt with the failure of the latest World Trade Organization Doha Round and is extremely unlikely to be revived.[164] But it remains to be seen whether this will be the prelude to a wider breakdown.

Hitherto, the main losers in the Western world have been those unskilled and semi-skilled workers who have been displaced by Chinese competition. But their grievances have been dwarfed by the winners - the multinationals which have used China as a cheap manufacturing base and the many consumers who have benefited from China prices. What will decisively

change this political arithmetic is when China, as it rapidly moves up the value chain, starts to enter spheres of production which threaten the jobs of skilled manual workers and growing numbers of white-collar workers and professionals. The process of upgrading is already taking place in a limited way, as the example of textiles in Prato and Como in Italy illustrates, with design following manufacturing to China.[165] How quickly China upgrades its technological capacity thus lies at the heart of the likely Western response: the quicker that process proceeds, the more likely it is that the political arithmetic will change and that protectionist barriers might be erected; the slower it happens then the more likely it is that trade tensions can be managed and in some degree defused. The first scenario seems at least as likely as the second.

The economic rise of China has already led to a multiple redistribution of global economic power: from South-East Asia to China, from Japan to China, and from Europe and the United States to China. Given that China is only a little over halfway through its take-off phase, with over 50 per cent of the population still living in the countryside, it is clear that we are only in the early stages of this process.[166] It is inconceivable that one-fifth of the world's population, embracing all the various scale effects that we have considered, can join the global economy with - by historical standards - enormous speed without ramifications which are bound to engender tension and conflict. So far China's incorporation has been relatively conflict-free. But the present aura of win-win that has surrounded this process seems unlikely to continue. The political arithmetic will shift in the West as the number of losers rises, with the entirely plausible consequence that the West - the traditional proselytizer for free trade - will lead the charge towards protection and the end of the era of globalization that began in the late 1970s.[167]

These considerations have now been recast in a new context: the most serious recession since the Great Depression of 1929- 33. Global trade is rapidly contracting, capital flows likewise, and unemployment is rising steeply across the world. The present era of globalization has come to a shuddering halt - and gone into reverse. How far this process will go remains entirely unclear. Almost everywhere governments are seeking to provide forms of assistance and subsidy for their threatened industries. There are growing demands for protection, evident in the 'buy American' pressure within the US Congress. China, as the world's second biggest

exporter (just behind Germany), will inevitably be a key target of such demands. In these circumstances, a trade war, accompanied by a withdrawal into rival trading blocs, is a distinct possibility.[168] The world is in new territory. The global parameters of China's economic rise have, at least for the time being, changed profoundly.

7

A Civilization-State

Hong Kong used to be a byword for cheap labour and cheap goods. It lost that reputation when its employers started to shift their operations north of the border into the similarly Cantonese-speaking Guangdong province. Hong Kong had moved too far up the value chain: the expectations of its workers had become too great to tolerate miserable working conditions, indecently long hours and poverty wages. The old textile factories decamped north along with everything else that required the kind of unskilled labour which Hong Kong once possessed in abundance and which China, as it finally opened its borders, now enjoyed in seemingly limitless numbers. The checkpoints and fences that were thrown up around the new towns in Guangdong were eloquent testimony to the countless rural labourers who were willing to leave their villages, whether they were nearby or in a distant interior province, for the bright lights of the city and what seemed to them, though no longer those over the border in Hong Kong, like untold riches.

Guangzhou railway station was crammed with such bounty-hunters, a human tide of migrants, from morning to night, 24/7. This was the Wild East. No matter the pitiful wages and terrible conditions, welcome to the province of opportunity. Young migrant girls barely out of school, often hundreds, even thousands, of miles from home, would work crazy hours performing the simplest of repetitive tasks, making clothes, toys or fireworks for Western markets that they could not even imagine, and then retire for a few hours' sleep in their floor-to-ceiling bunk beds in cubby-hole-sized rooms in drab factory dormitories before resuming the drudgery on the morrow. But for them it was far better than eking out a much smaller pittance working the land from which they came.

Just as Hong Kong had earlier climbed the value escalator and seen living standards transformed in just a few decades, the same now began to

happen in Guangdong. The expectations of locals grew and their opportunities expanded. From the most humble of beginnings, people began to make their way up their version of the career ladder. Meanwhile, as China's own standards and expectations changed, there was growing unease about the merciless exploitation of unskilled workers and migrant labour. They enjoyed no legal protection, with the official trade unions shackled and ineffectual. After years of discussion and debate, a labour law was finally introduced in 2008. It was bitterly resisted by many employers, who claimed that it would make their firms uncompetitive and drive them out of business.

Hong Kong employers were particularly prominent amongst these. Astute businessmen, enormously hard-working and pitiless to boot, they did not cross the border to escape the rising labour costs in Hong Kong in order to find themselves hamstrung by an armful of new regulations and a clutch of new expectations in southern China. Of an estimated 90,000 factories in the Pearl Delta region, nearly 60,000 are Hong Kong-owned. Many mainland Chinese employers supported them. Dubbed the country's richest woman entrepreneur, Zhang Yin, chairwoman of Nine Dragons Paper Holdings, one of the world's biggest paper-making and recycling firms, complained that workers were being given an 'iron rice bowl', a reference to the workers' contract under Mao. The powerful All-China Federation of Industry and Commerce joined the opposition, warning of more labour disputes and companies going out of business. American firms with factories in China expressed their concern; the reason why they had gone there in the first place, after all, was the dirt-cheap labour. The All-China Federation of Trade Unions finally found a voice and rejected any concessions to the employers.

The new law is a sign of changing times. China, just like Hong Kong, will not always be a byword for cheap goods, even cheaper labour and miserable working conditions. The universal desire to improve one's lot spells the eventual demise of an economic regime based on the cheapest labour in the world, wholly unprotected either by trade unions or the law, and exposed to the most brutal market forces. China is in the process of moving to a new stage in its development and its political world is beginning to reflect this. Laissez-faire attitudes are being replaced by the recognition that workers' rights need to be protected.

There is still a widespread view in the West that China will eventually conform, by a process of natural and inevitable development, to the Western paradigm.[1] This is wishful thinking. And herein lies the nub of the Chinese challenge. Apart from Japan, for the first time in two centuries - since the advent of industrialization - one of the great powers will be from a totally non-Western history and tradition. It will not be more of the same - which is what the emergence of the United States largely represented in the late nineteenth century. To appreciate what the rise of China means, we have to understand not only China's economic growth, but also its history, politics, culture and traditions. Otherwise we will be floundering in the dark, unable to explain or predict, constantly disconcerted and surprised. The purpose of this chapter is to explain the nature of China's political difference. It is a task that is going to occupy, and tax, the Western mind for the next century.

A CIVILIZATION-STATE

China, by the standards of every other country, is a most peculiar animal. Apart from size, it possesses two other exceptional, even unique, characteristics. China is not just a nation-state; it is also a civilization *and* a continent. In fact, China became a nation-state only relatively recently. One can argue over exactly when: the late nineteenth century perhaps, or following the 1911 Revolution. In that sense - in the same manner as one might refer to Indonesia being little more than half a century old, or Germany and Italy being not much more than a century old - China is a very recent creation. But, of course, that is nonsense. China has existed for several millennia, certainly for over two, arguably even three, thousand years, though the average Chinese likes to round this up to more like 5,000 years. In other words, China's existence as a recognizable and continuing entity long predates its status as a nation-state. Indeed it is far and away the oldest continuously existing country in the world, certainly dating back to 221 BC, perhaps rather longer. This is not an arcane historical detail, but the way the Chinese - not just the elite, but taxi drivers too - actually think about their country. As often as not, it will crop up in a driver's conversation, along with references to Confucius or Mencius, perhaps with

a little classical poetry thrown in.[2] When the Chinese use the term ‘China’ they are not usually referring to the country or nation so much as Chinese civilization - its history, the dynasties, Confucius, the ways of thinking, their relationships and customs, the *guanxi* (the network of personal connections),[3] the family, filial piety, ancestral worship, the values, and distinctive philosophy. The Chinese regard themselves not primarily in terms of a nation-state - as Europeans do, for example - but rather as a civilization-state, where the latter is akin to a geological formation in which the nation-state represents no more than the topsoil. There are no other people in the world who are so connected to their past and for whom the past - not so much the recent past but the long-ago past - is so relevant and meaningful. Every other country is a spring chicken by comparison, its people separated from their long past by the sharp discontinuities of their history. Not the Chinese. China has experienced huge turmoil, invasion and rupture, but somehow the lines of continuity have remained resilient, persistent and ultimately predominant, superimposing themselves in the Chinese mind over the interruptions and breaks.

The Chinese live in and through their history, however distant it might be, to a degree which is quite different from other societies. ‘Of what other country in the world,’ writes the historian Wang Gungwu, ‘can it be said that writings on its foreign relations of two thousand, or even one thousand, years ago seem so compellingly alive today?’[4] The Chinese scholar Jin Guantao argues that: ‘[China’s] only mode of existence is to relive the past. There is no accepted mechanism within the culture for the Chinese to confront the present without falling back on the inspiration and strength of tradition.’[5] The Chinese scholar Huang Ping writes:

China is . . . a living history. Here almost every event and process happening today is closely related to history, and cannot be explained without taking history into consideration. Not only scholars, but civil servants and entrepreneurs as well as ordinary people all have a strong sense of history . . . no matter how little formal education people receive, they all live in history and serve as the heirs and spokesmen of history.[6]

The author Tu Wei-ming remarks:

The collective memory of the educated Chinese is such that when they talk about Tu Fu's (712- 70) poetry, Sima Qian's (died *c*. 85 BC) *Historical Records* [the first systematic Chinese historical text, written between 109 and 91 BC, recounting Chinese history from the time of the Yellow Emperor until the author's own time], or Confucius's *Analects*, they refer to a cumulative tradition preserved in Chinese characters . . . An encounter with Tu Fu, Sima Qian, or Confucius through ideographic symbols evokes a sensation of reality as if their presence was forever inscribed in the text.[7]

The earliest awareness of China as we know it today came with the Zhou dynasty, which grew up along the Yellow River Valley at the end of the second millennium BC. Already, under the previous Shang dynasty, the foundations of modern China had begun to take shape with an ideographic language, ancestor worship and the idea of a single ruler. Chinese civilization, however, still did not have a strong sense of itself. That was to happen a few centuries later through the writings of Master Kong, or Confucius (to use his Latinized name).[8] As discussed in Chapter 4, by this time the Chinese language was used for government and education, and the idea of the mandate of Heaven as a principle of dynastic governance had been firmly established. Confucius's life (551-479 BC) preceded the Warring States period (403 BC- 221 BC), when numerous states were constantly at war with each other. The triumph of the Qin dynasty (221- 206 BC) brought that period to an end and achieved a major unification of Chinese territories, with the emergence of modern China typically being dated from this time.[9] Although Confucius enjoyed little status or recognition during his lifetime, after his death he was to become the single most influential writer in Chinese history. For the next two thousand years China was shaped by his arguments and moral precepts, its government informed by his principles, and the *Analects* became established as the most important book in Chinese history. Confucianism was a syncretic mode of thinking which drew on other beliefs, most notably Taoism and Buddhism, but Confucius's own ideas remained by far the most important. His emphasis on moral virtue, on the supreme importance of government in human affairs, and on the overriding priority of stability and unity, which was shaped by his experience of the turbulence and instability of a divided country, have informed the fundamental values of Chinese civilization ever since.[10] Only towards the end of the nineteenth century did his influence begin to wane, though even during the convulsions of the twentieth century

- including the Communist period - the influence of his thinking remained persistent and tangible. Ironically it was Mao Zedong, the Chinese leader most hostile to Confucius, who was to pen the *Little Red Book*, which in both form and content clearly drew on the Confucian tradition.[11]

Two of the most obvious continuities in Chinese civilization, both of which can be traced back to Confucius, concern the state and education. The state has always been perceived as the embodiment and guardian of Chinese civilization, which is why, in both the dynastic and Communist eras, it has enjoyed such huge authority and legitimacy. Amongst its constellation of responsibilities, the state, most importantly of all, has the sacred task of maintaining the unity of Chinese civilization. Unlike in the Western tradition, the role of government has no boundaries; rather like a parent, with which it is often compared, there are no limits to its authority. Paternalism is regarded as a desirable and necessary characteristic of government. Although in practice the state has always been rather less omnipotent that this might suggest, there is no doubting the reverence and deference which the Chinese display towards it.[12] Similarly, the roots of China's distinctive concept of education and parenting lie deep in its civilizational past. Ever since Mencius (372- 289 BC), a disciple of Confucius, the Chinese have always been optimistic about human nature, believing that people were essentially good and that, by bringing children up in the right manner through the appropriate parenting and education, they would acquire the correct attitudes, values and self-discipline. In the classroom, children are expected to look respectfully upwards towards the teacher and, given the towering importance of history, reverentially backwards to the past in terms of the content of their learning. Education is vested with the authority and reverence of Chinese civilization, with teachers the bearers and transmitters of that wisdom. A high priority is placed on training and technique, as compared with the openness and creativity valued in the West, with the result that Chinese children often achieve a much higher level of technical competence at a much younger age in music and art, for example, than their Western counterparts. Perhaps this stems partly from the use of an ideographic language, which requires the rote learning of thousands of characters, and the ability to reproduce those characters with technical perfection.[13]

In stressing the continuity of Chinese civilization, it can reasonably be objected that over a period of more than two millennia, it has been through

such huge and often violent disruptions and discontinuities that there can be little resemblance between China now and two millennia ago. At one level, of course, this is true. China has changed beyond recognition. But at another level the lines of continuity are stubborn and visible. This is reflected in the self-awareness of the Chinese themselves: the way in which Chinese civilization - as expressed in history, ways of thinking, customs and etiquette, traditional medicine and food, calligraphy, the role of government and the family - remains their primary point of reference.[14] Wang Gungwu argues that 'what is quintessentially Chinese is the remarkable sense of continuity that seems to have made the civilization increasingly distinctive over the centuries. '[15] Given that since 221 BC China has been unified for 1,074 years, partially unified for 673 years, and disunited for 470 years, while experiencing several major invasions and occupations over the last millennium, this is, to put it mildly, remarkable.[16] Yet the very nature of those occupations points to the strength of Chinese culture and its underlying resilience and continuity: the proto-Mongol Liao dynasty (AD 907- 1125) was the first non-Chinese dynasty in north China; the Jin dynasty (1115- 1234) were Mongol; the Yuan dynasty (1279- 1368) were also Mongol and the Qing dynasty (1644- 1912) were Manchu, but they all sooner or later went native and were Sinicized. In each instance Chinese culture enjoyed very considerable superiority over its invaders. Even the earlier Buddhist 'invasion' from India in the first century AD was to culminate in the Sinification of Buddhist teachings over a period of hundreds of years.[17]

The challenge of the West from around 1850 was an entirely different proposition: key aspects of Western culture, notably its scientific orientation and knowledge, were patently superior to traditional Confucianism and plunged it into a deepening crisis as the Chinese reluctantly sought some kind of reconciliation between traditional and Western values. Between 1911 and 1949 virtually no institution of significance (constitution, university, press, Church, etc.) lasted in its existing form for more than a generation, such was the gravity and enduring nature of China's impasse. The Western challenge de-centred Chinese assumptions. Eventually, when all else had failed, the Chinese turned to Communism, or more specifically Maoism, which involved the explicit rejection of Confucianism. Yet during the Maoist period, Confucian values and ways of thinking continued to be influential, albeit in a subterranean form, remaining in some measure the

common sense of the people. Even now, having succeeded in reversing its decline and in the midst of modernization, China is still troubled by the relationship between Chinese and Western cultures and the degree to which it might find itself Westernized, as we saw in the discussion amongst the students in Chapter 5. Somehow, however, through the turbulence, carnage, chaos and rebirth, China remains recognizably and assuredly Chinese. As it moves once more into the ascendant, its self-confidence inflated by its recent achievements, China's search for meaning is drawing not simply on modernity, but also, and as always, on its civilizational past. Confucian ways of thinking, never extinguished, are being actively revived and scrutinized for any light that they might throw on the present, and for their ability to offer a moral compass.

For many developing countries, the process of modernization has been characterized by a crisis of identity, often exacerbated by the colonial experience, a feeling of being torn between their own culture and that of the West, linked to an inferiority complex about their own relative backwardness. The Chinese certainly felt a sense of humiliation, but never the same kind of overwhelming and hobbling inferiority: they have always had a strong sense of what it means to be Chinese and are very proud of the fact. Such is the strength of Chineseness, indeed, that it has tended to blur and overshadow - in contrast to India, for example - other powerful identities such as region, class and language. This sense of belonging is rooted in China's civilizational past,[18] which serves to cohere an enormous population otherwise fragmented by dialect, custom, ethnic difference, geography, climate, level of economic development and disparate living standards. 'What binds the Chinese together,' Lucian Pye argues, 'is their sense of culture, race, and civilization, not an identification with the nation as a state.'[19]

To describe China in terms of a nation-state, thus, is largely to miss the point. 'China is a civilization pretending,' Pye argues, 'to be a nation-state.'[20] The consequences of the fact that China is really a civilization-state are manifold. [21] The civilization-state generates, as we shall see later, a very different kind of politics from that of a conventional nation-state, with unity, rooted in the idea of civilization rather than nation, the overriding priority. As a civilization-state, China embodies and allows a plurality of systems, as exemplified by Hong Kong, that is alien to the nation-state, which demands and requires a much greater degree of homogeneity. The

civilization-state has engendered distinctively Chinese notions of race and ethnicity, with the Han race regarded as more or less coterminous with ancient Chinese civilization, as we shall see in the next chapter. The civilization-state embodies a far more intimate relationship not simply with China's relatively recent history, as in the case of the average nation-state, but, most strikingly, with at least two millennia of history, such that the latter is constantly intervening in and acting as a guide and yardstick in the present. And it is the civilization-state which serves as a continuous reminder that China is the Middle Kingdom, thereby occupying, as the centre of the world, a quite different position to all other states. The term 'civilization' normally suggests a rather distant and indirect influence and an inert and passive presence. In China's case, however, it is not only history that lives but civilization itself: the notion of a living civilization provides the primary identity and context by which the Chinese think of their country and define themselves.

	Population (000s)	Gross Regional Product (million RMB)	GDP Per Capita (RMB)
Beijing	15,360	688,631	44,843
Tianjin	10,430	379,762	35,452
Shanghai	17,780	915,418	51,486
Hebei*	68,440	1,009,611	14,752
Shanxi	33,520	417,952	12,469
Nei Monggol (Inner Mongolia)	23,860	389,555	16,327
Liaoning	42,200	800,901	18,979
Jilin	27,150	362,027	13,334
Heilongjiang	38,180	551,150	14,436
Jiangsu*	74,680	1,830,566	24,512
Zhejiang	48,940	1,343,785	27,458
Anhui*	61,140	537,512	8,791
Fujian	35,320	656,895	18,598
Jiangxi	43,070	405,676	9,419
Shandong*	92,390	1,851,687	20,042
Henan*	93,710	1,058,742	11,298
Hubei*	57,070	652,014	11,425
Hunan*	63,200	651,134	10,303
Guangdong*	91,850	2,236,654	24,351
Guangxi	46,550	407,575	8,756
Hainan	8,260	89,457	10,830
Chongqing	27,970	307,049	10,978
Sichuan*	82,080	738,511	8,997
Guizhou	37,250	197,906	5,313
Yunnan	44,420	347,289	7,818
Tibet	2,760	25,121	9,102
Shaanxi	37,180	367,566	9,886
Gansu	25,920	193,398	7,461
Qinghai	5,430	54,332	10,006
Ningxia	5,950	60,610	10,187
Xinjiang	20,080	260,419	12,969
Total	**1,306,280**	**18,308,480**	**14,016**

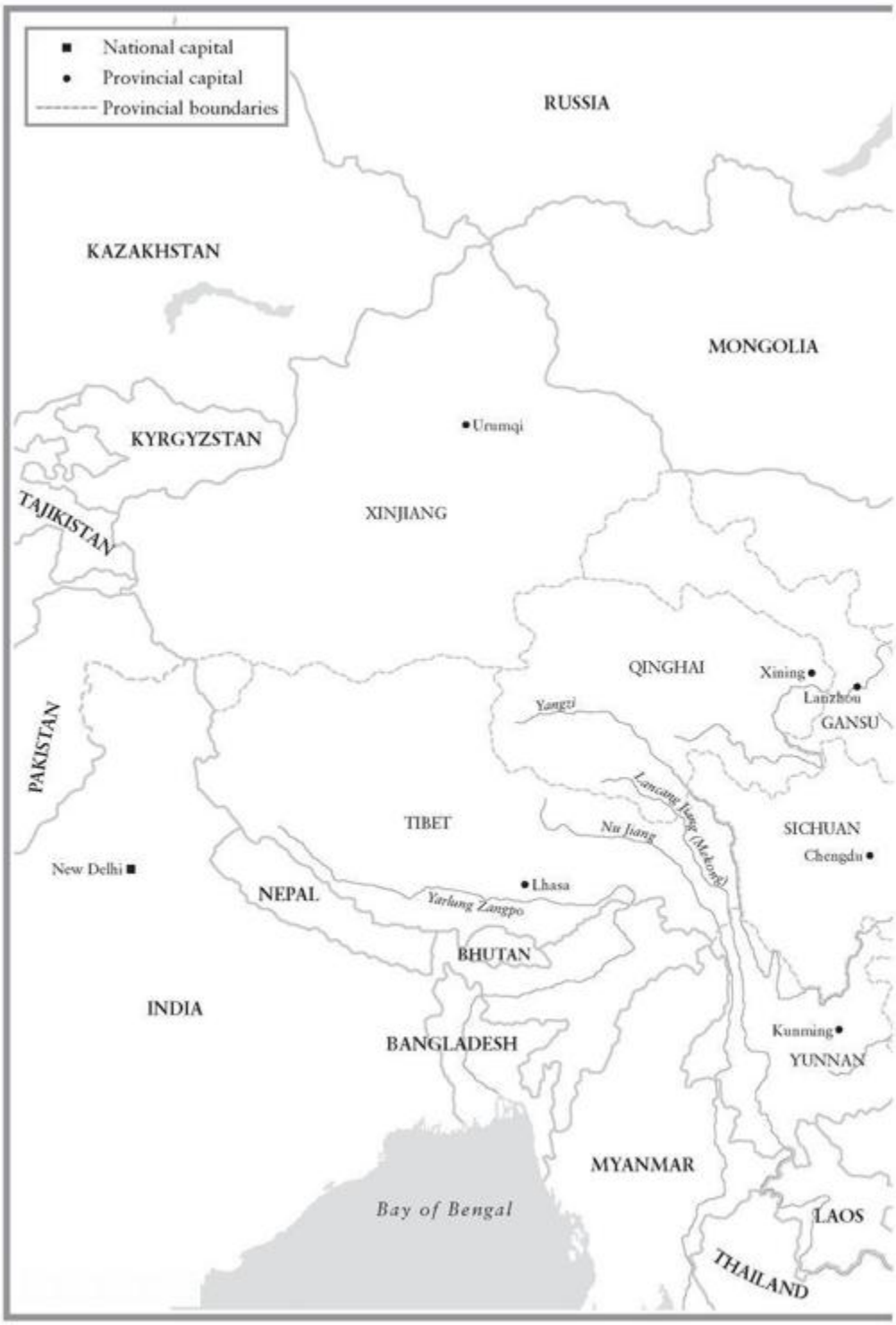
* The population of each of these nine provinces is around the same size as, or larger than, the UK, France and Italy. Four of the provinces, namely Shandong, Henan, Guangdong and Sichuan, are larger than any European country including Germany.

Table 2. Characteristics of China's provinces in 2005.

CHINA AS A CONTINENT

If the notion of civilization helps to explain how China's past bears on its present, the fact that it is a continent in size and diversity is critical to understanding how the country functions in practice. There is an essential coherence to the life of the great majority of nation-states that is not true of China. Something major can happen in one part of the country and yet it will have little or no effect elsewhere, or on China as a whole. Major economic changes may appear to have few political consequences and vice versa. The traumatic events in Tiananmen Square in 1989, for example, had surprisingly little impact on the country as a whole. Of course, there are always effects, but the country is so huge and complex that the feedback loops work in strange and unpredictable ways. That is why it is so difficult to anticipate what is likely to happen politically.[22] It also perhaps helps to explain a particularly distinctive feature of modern Chinese leaders like Mao and Deng. Whereas in the West consistency is regarded as a desirable characteristic of a leader, the opposite is the case in China: flexibility is seen as a positive virtue and the ability to respond to the logic of a particular situation as a sign of wisdom and an indication of power. Such seeming inconsistency is a reflection of the sheer size of the country and the countless contradictions that abound within its borders. It also has practical benefits, enabling leaders to experiment by pursuing an ambitious set of reforms in a handful of provinces but not elsewhere, as Deng did with his reform programme. Such an approach would be impossible in most nation-states.

Instead of seeing China through the prism of a conventional nation-state, we should think of it as a continental system containing many semi-autonomous provinces with distinctive political, economic and social systems. There are huge variations between what are, in terms of population, nation-sized provinces. The disparity between the per capita incomes of different provinces is vast, the structure of their economies varies greatly - for example, in their openness to the outside world and the importance of industry - their cultures are distinct, and the nature of their governance is more diverse than one might expect.[23] In many respects, the provinces should be seen as akin to nation-states.[24] In fact China's provinces are far more differentiated than Europe's nation-states, even when Eastern Europe and the Balkans are included.


National capital
Provincial capital
Provincial boundaries
RUSSIA
KAZAKHSTAN
MONGOLIA
Urumqi
KYRGYZSTAN
TAJIKISTAN
XINJIANG
QINGHAI
Xining
Lanzhou
GANSU
Yangzi
PAKISTAN
Lancang Jiang (Mekong)
TIBET
Nu Jiang
SICHUAN
Chengdu
New Delhi
Lhasa
NEPAL
Yarlung Zangpo
BHUTAN
INDIA
Kunming
BANGLADESH
YUNNAN
MYANMAR
Bay of Bengal
LAOS
THAILAND

Map 9. China's Provinces

It would be impossible to run a country the size of China by centralized fiat from Beijing. In practice, the provinces enjoy great autonomy. Governance involves striking a balance between the centre and the provinces. Of course everyone recognizes that ultimate power rests with Beijing: but this often means little more than feigned compliance.[25] The provinces and cities accept Beijing's word, while often choosing to ignore it, with central government fully aware of this.[26] Although China has a unitary structure of government, in reality its modus operandi is more that of a de facto federal system.[27] This is true in terms of important aspects of economic policy and is certainly the case with the maintenance of social order: the regime expects each province to be responsible for what happens within its borders and not to allow any disruption to cross those borders. The fundamental importance of the relationship between Beijing and the provinces is well illustrated by the fact that the dominant fault line of Chinese politics is organized not around the idea of 'progress' - which is typically the case in the West, as evinced by the persistent divide between conservatives and modernizers - but around the question of centralization and decentralization.[28] Whether or not to allow greater freedom to the media, or to expand or restrict the autonomy of the provinces, is the dominant pulse to which Beijing beats. One of the key reforms introduced by Deng Xiaoping, as discussed in the last chapter, was to grant more freedom to provincial and local governments as a means of encouraging greater economic initiative. The result was a major shift in power from Beijing to the provinces which, by the nineties, had become of such concern to central government that it was largely reversed.[29]

THE NATURE OF CHINESE POLITICS

The most impoverished area of debate on China concerns its politics. Any discussion is almost invariably coloured by a value judgement that, because China has a Communist government, we already know the answers to all the important questions. It is a mindset formed in the Cold War that leaves us ill-equipped to understand the nature of Chinese politics or the current regime. In the post-Cold War era, China already presents us with an

intriguing and unforeseeable paradox: the most extraordinary economic transformation in human history is being presided over by a Communist government during a period which has witnessed the demise of European Communism. More generally, it is a mistake to see the Communist era as some kind of aberration, involving a total departure from the continuities of Chinese politics. On the contrary, although the 1949 Revolution ushered in profound changes, many of the underlying features of Chinese politics have remained relatively unaffected, with the period since 1978, if anything, seeing them reinforced. Many of the fundamental truths of Chinese politics apply as much to the Communist period as to the earlier dynasties. What are these underlying characteristics?

Politics has always been seen as coterminous with government, with little involvement from other elites or the people. This was true during the dynastic Confucian era and has remained the case during the Communist period. Although Mao regularly mobilized the people in mass campaigns, the nature of their participation was essentially instrumentalist rather than interactive: top-down rather than bottom-up. In the Confucian view, the exclusion of the people from government was regarded as a positive virtue, allowing government officials to be responsive to the ethics and ideals with which they had been inculcated. We should not dismiss these ideas, inimical as they are to Western sensibilities and traditions: the Confucian system constituted the longest-lasting political order in human history and the principles of its government were used as a template by the Japanese, Koreans and Vietnamese, and were closely studied by the British, French and, to a lesser extent, the Americans in the first half of the nineteenth century. Elitist as the Confucian system clearly was, however, it did contain an important get-out clause. While the mandate of Heaven granted the emperor the right to rule, in the event of widespread popular discontent it could be deemed that the emperor had forfeited that mandate and should be overthrown.[30]

The state has consistently been seen as the apogee of society, enjoying sovereignty over all else. In European societies, in contrast, the power of government has historically been subject to competing sources of authority, such as the Church, the nobility and rising commercial interests. In effect government was obliged to share its power with other groups and institutions. In China, at least for the last millennium, these either did not exist (there was no organized and powerful Church) or were regarded, and

saw themselves, as subordinate (for example, the merchant class); the idea that different sources of authority could and should coexist was seen as ethically wrong.[31] The nearest to an exception were the great teachers and intellectuals who, though always marginal to the centre of power, could, under certain circumstances, be more influential than ministers, acting as the cultural transmitters and guardians of the civilizational tradition and the representatives of the people's well-being and conscience - even, in tumultuous times, as the emissaries and arbiters of the mandate of Heaven. Only two institutions were formally acknowledged and really mattered: one was the government and the other the family. The only accepted interest was the universal interest, represented by a government informed by the highest ethical values, be it Confucian teaching or later Marxism-Leninism-Maoism. In reality, of course, different interests did exist but they were not politically recognized and did not press to be so recognized: rather they operated out of the limelight and on an individualistic basis, lobbying government and seeking personal (rather than corporate or collective) favours which might give them exemption or advantage. Not even the merchant class were an exception to this. In the Confucian order they ranked last in the hierarchy and in practice have never sought to break ranks and organize collectively. That apolitical tradition remains true to this day. They have seen themselves as a bulwark of government rather than as an autonomous interest seeking separate representation. This was the case during the Nationalist period, following the Tiananmen Square tragedy, and is exemplified by the manner in which they have been indistinguishable from government - indeed, an integral part of it - in post-handover Hong Kong. Given this lack of any kind of independent tradition of organization either in the Confucian period or more recently in the Communist period, it is hardly surprising that China has failed to develop a civil society.[32] That may slowly be changing but the burden of history weighs heavily on the present, whatever political changes we may see.

Throughout the debate and struggles over modernization, from the late nineteenth century until today, the Chinese have sought to retain the fundamental attributes of their political system above all else; indeed, the political system has proved more impervious than any other sphere of society to Westernizing influence, both in the imperial and Communist periods. This is in contrast to most developing societies, where government has often been strongly linked to modernizing impulses and leaders were

frequently drawn from the Westernized elite - as in India, for example, with the Nehru family. That was never the case in China, with leaders like Mao and Deng having had very little contact with the West. To this day, even over the last three decades, the ability of China's political world, unlike other institutions, to survive relatively unchanged is remarkable, a testament to its own resilience and the place it occupies in the Chinese psyche.

Chinese politics has traditionally placed a very high premium on the importance of moral persuasion and ethical example. Public officials were required to pass exams in Confucian teaching. They were expected to conform to the highest moral standards and it was to these, rather than different interest groups or the people, that they were seen as accountable. In the Communist period, Confucian precepts were replaced by Marxist (or, more accurately, Maoist) canons, together with the iconic heroes of the Long March and socialist labour. This commitment to ethical standards as the principle of government has combined with a powerful belief in the role of both family and education in the shaping and moulding of children. By the standards of any culture, the highly distinctive Chinese family plays an enormously important socializing role. It is where Chinese children learn about the nature of authority. The word of the parents (traditionally, the father's) is final and never to be challenged. In the family, children come to understand the importance of social hierarchy and their place with it. Through a combination of filial piety, on which the Chinese place greater stress than any other culture, a sense of shame, and the fear of a loss of face, children learn about self-discipline.[33] In a shame (rather than a Christian guilt) culture, Chinese children fear, above all, such a loss of face. The Chinese family and Chinese state are complementary, the one manifestly a support for the other. It is not insignificant that the Chinese term for nation-state is 'nation-family'. As Huang Ping suggests, in China 'many would take for granted that the nation-state is an extended family'.[34]

Whereas in the West the idea of popular sovereignty lies at the heart of politics, it remains largely absent in China. The concept of the nation-state was imported from Europe in the mid to late nineteenth century, with a section of the Chinese elite subsequently becoming heavily influenced by European nationalism. There was, though, a fundamental difference in how national sovereignty was interpreted. In the case of European nationalism, national sovereignty was closely linked to the idea of popular sovereignty; in China the two were estranged. While national sovereignty was accorded

the highest importance, popular sovereignty was replaced by state sovereignty.[35] That was not surprising. First, as we have seen, there was a very powerful tradition of state sovereignty in China but no tradition of popular sovereignty. Second, nation-statehood was acquired at a time when China was under threat from the Western powers and Japan. In such circumstances, the overwhelming priority was national sovereignty rather than popular sovereignty. The birth of the Chinese nation-state took place in entirely different conditions from those of Europe. The European nation-states were never obliged to contend with a threat to their national sovereignty from outside their continent, as China, in common with more or less every country outside Europe, faced during the nineteenth and early twentieth centuries. Predictably, the colonial threat served to reinforce and accentuate China's enduring strong-state complex.[36] The imperialist threat and the domestic political tradition thus combined to infuse China's emergence into nationhood with the twin concepts of national sovereignty and state sovereignty.

One of the most fundamental features of Chinese politics concerns the overriding emphasis placed on the country's unity. This remains by far the most important question in China's political life. Its origins lie not in the short period since China became a nation-state, but in the experience and idea of Chinese civilization.[37] The fact that China has spent so much of its history in varying degrees of disunity, and at such great cost, has taught the Chinese that unity is sacrosanct. The Chinese have an essentially civilizational conception of what constitutes the Chinese homeland and the nature of its unity: indeed, there is no clearer example of China's mentality as a civilization-state. The Chinese government has attached the highest priority to the return of Hong Kong, Macao and Taiwan, even though they had passed out of Chinese hands (in the case of Macao and Hong Kong) a very long time ago. Furthermore, little or no weight has been given to the preferences of the people who live there.[38] Their belonging to China is seen exclusively in terms of an enduring and overriding notion of Chineseness that goes back at least two millennia if not longer: all Chinese are part of Chinese civilization, and therefore China.[39] Choice is not an issue.

Great weight is also accorded to political stability. Like Confucius indeed, Deng Xiaoping, as cited in the last chapter, was in no doubt about its importance: '[China's] modernization needs two prerequisites. One is international peace, and the other is domestic political stability . . . A crucial

condition of China's progress is political stability.'[40] The priority attached to political stability is reflected in popular attitudes.[41] In a recent survey, stability was ranked as the second most important consideration, far higher than in any other country.[42] The priority given to stability is understandable in the light of China's history, which has regularly been punctuated by periods of chaos and division, usually resulting in a huge number of deaths, both directly through war and indirectly through resulting famines and disasters. The country lost as much as a third of its population (around 35 million people dead) in the overthrow of the Song dynasty by the Mongols in the thirteenth century. It has been estimated that the Manchu invasion in the seventeenth century cost China around one-sixth of its population (25 million dead). The civil unrest in the first half of and mid nineteenth century, including the Taiping Uprising, resulted in a population decline of around 50 million. Following the 1911 Revolution and the fall of the Qing dynasty, there was continuing turbulence and incessant civil war, with a brief period of relative calm from the late twenties until the Japanese invasion, and then, after the defeat of the Japanese, a further civil war culminating in the 1949 Revolution.[43] Given this history, it is not surprising that the Chinese have a pathological fear of division and instability, even though periods of chaos have been almost as characteristic of Chinese history as periods of order. [44] The nearest parallel in Europe was the desire that consumed the continent after 1945 never to wage another intra-European war. The huge price China has paid in terms of death and bloodshed is in part perhaps the cost of trying to make a continent conform to the imperatives of a country, while Europe has paid a not dissimilar price for the opposite, namely bitter national rivalry and an absence of continent-wide identity and cohesion.

CHINA AND DEMOCRACY

In Western eyes, the test of a country's politics and governance is the existence or otherwise of democracy, with this defined in terms of universal suffrage and a multi-party system. The last fifty years have seen a huge increase in the number of countries that boast some kind of democracy,

though important areas of the world, notably the Middle East, Africa, Central Asia and, of course, China, are still, at least in practice, exceptions. There is little doubt that some kind of democracy is a desirable system if the circumstances are ripe and if it can take serious root in a culture. If, however, democracy amounts to little more than an alien transplant, as has been the case in Iraq, where it was imposed via the barrel of an Anglo-American gun, then the cost of that imposition, for example in terms of resistance, alienation or ethnic conflict, is likely to turn out to be far higher than any benefits it may yield. Democracy should not be regarded as some abstract ideal, applicable in all situations, whatever the conditions, irrespective of history and culture, for if the circumstances are not appropriate it will never work properly, and may even prove disastrous. Nor should it be seen as more important than all the other criteria that should be used to assess the quality of a country's governance. For developing countries in particular, the ability to deliver economic growth, maintain ethnic harmony (in the case of multi-ethnic societies), limit the amount of corruption, and sustain order and stability are equally, if not rather more, important considerations than democracy. Democracy should be seen in its proper historical and developmental context: different societies can have different priorities depending on their circumstances, histories and levels of development.[45]

Very few countries, in fact, have combined democracy as it is now understood with the process of economic take-off.[46] Britain's Industrial Revolution took place in the late eighteenth and early nineteenth centuries. Even by 1850, however, only around one-fifth of men had the right to vote. It was not until the 1880s that most men gained the right, and not until 1918, over 130 years after the beginning of the Industrial Revolution, that women (over thirty) won the same right. Broadly speaking this picture applies to other West European countries, all of which experienced take-off without democracy. In fact the most common form of governance during Europe's industrial revolutions was the monarchical state, absolutist or constitutional. The American experience was significantly different. By 1860 a majority of white men enjoyed the right to vote, but most blacks did not acquire it, in practice, until 1965, while women only won it in 1920: during America's economic take-off, thus, only a minority enjoyed the right to vote. In Japan, universal male suffrage was not introduced until 1925, well after the economic take-off that followed the Meiji Restoration.[47] In

sum, the right to vote was not established in the developed world, except for a very small and privileged minority, until well after their industrial revolutions had been concluded (white men in the United States constituting the nearest to an exception). The European powers, furthermore, never granted the vote to their colonies: it was still seen as entirely inappropriate for the vast tracts of the world that they colonized, even when it had become an accepted fact at home. The only exceptions in the British case were the so-called dominions like Australia and Canada, where shared racial and ethnic characteristics were the underlying reason for the display of latitude. It was not until after the great majority of former colonies gained independence following the Second World War that they were finally able to choose their form of governance. Much hypocrisy, it is clear, attaches to the Western argument that democracy is universally applicable whatever the stage of development.

Some form of democratic governance is now universal in the developed world, where economic take-off was achieved a century or more ago. In contrast, the picture predictably remains uneven in the developing world, with democracy for the most part either unusual or, at best, somewhat flawed. A similar pattern concerning democracy and levels of development broadly prevails in East Asia. Japan, as we have seen, did not achieve anything like widespread suffrage until well after its economic take-off. None of the first Asian tigers - South Korea, Taiwan, Hong Kong and Singapore - achieved take-off under democratic conditions: South Korea and Taiwan were governed by far-sighted military dictatorships, Hong Kong was a British colony devoid of democracy, while Singapore enjoyed what might be described as a highly authoritarian and contrived democracy. All, though, were blessed with efficient and strategic administrations. As developmental states, the legitimacy of their governments rested in large part on their ability to deliver rapid economic growth and rising living standards rather than a popular mandate. Each of these countries has now achieved a level of development and standard of living commensurate with parts of Western Europe. Hong Kong, under Chinese rule since 1997, enjoys very limited elements of democracy; Singapore’s governance remains a highly authoritarian democracy; while South Korea and Taiwan have both acquired universal suffrage and multi-party systems. These last examples, together with Japan, confirm that industrialization and economic

prosperity generally provide more propitious conditions for the growth of democratic forms.

In this light it seems misconceived to argue that China is now ready for, and should become, more or less forthwith, a multi-party democracy based on universal suffrage. The country is only halfway through its industrial revolution, with over 50 per cent of the population still living and working in the countryside. It is true that India remains much less developed than China and yet possesses what, by historical standards, is a remarkable democracy; but in this respect India has so far been history's great exception. An interesting example is Indonesia, which, though an extremely diverse archipelago, now enjoys a fragile democracy. China's overriding priority at present is economic growth. It is determined to allow nothing to distract it from this goal. By seeking to avoid getting into an unnecessary conflicts and pursuing good relations with the United States, its foreign policy since 1980 has been directed towards ensuring that all its energy is focused on this objective. There is also a more general point. There is an inherent authoritarianism involved in the process of take-off and modernization - the need to concentrate society's resources on a single objective - which, judging by history, people are prepared to tolerate because their own lives are dominated by the exigencies of economic survival and the desire to escape from poverty. In a sense, the attitude of the people mirrors that of government: political authoritarianism complements the authoritarian and compulsive circumstances of everyday life, with its inherent lack of choice. This helps to explain why authoritarianism rather than democracy has been the normal characteristic of economic take-off. As many have observed, there is little demand for democracy from within China. Indeed, if anything, there has been a turn away from democracy since Tiananmen Square. A combination of a fear of instability following the events of 1989, the disintegration of the Soviet Union, and what are seen as the difficulties experienced by Indonesia, Thailand and Taiwan as democracies - and also the Philippines and India - have reinforced the view of many Chinese that this is not an immediate issue: that, on the contrary, it is liable to represent a distraction from the main task of sustaining the country's economic growth.[48] Implicit in this is the not misplaced view that any move towards democracy is likely to embroil the country in considerable chaos and turmoil.

Those Westerners - what we might call the ultra-democrats - who believe that democracy is more important at all times than any other matter, would, of course, take issue with this. Bruce Gilley, for example, argues that Russia could end up better off, at least in the long run, than China because it has already addressed the issue of democracy. Given China's hugely more impressive economic growth and Russia's somewhat precarious democracy, this judgement seems tenuous to say the least. Gilley also suggests that: 'Debates about issues like compulsory voting, fair electoral systems, money in politics, judicial review, and the like will be the dominant "historical" issues of our time.'[49] Major issues in the West, for sure, but in a world grap pling with the problem of one superpower, increasingly preoccupied with how to handle the rise of China, and also perhaps India, where ethnic conflict often presents nation-states with their greatest challenge and where for many the task of economic take-off remains all-consuming, the idea that a cluster of issues revolving around democracy will be the dominant global issue of our time betrays a highly parochial Western mentality.

While there is little sign of any significant pressure in China for what might loosely be described as Western-style democracy, there is, nonetheless, a continuing and growing demand for the accountability of government at local, provincial and national levels. So how should we approach the question of democracy in China? China is roughly at the halfway point of its economic take-off, perhaps beyond. Even twenty years hence, it is estimated that around 20 per cent of its population will still work on the land. There are many imponderables, but assuming that economic growth continues at a relatively rapid rate and political stability is broadly maintained, then it seems reasonable to expect serious moves towards democratization within that kind of timescale, possibly less.[50] In developmental terms, this would still be rather sooner than was the case with the other Asian tigers or the West. It should also be borne in mind that the political traditions of China are neither favourable nor orientated towards democracy. There is a very weak tradition of popular accountability, and state sovereignty has been preferred to popular sovereignty: government is, in effect, answerable to itself via the feedback loop of ethical norms. This is reflected in the central values that govern political behaviour, which can be summarized as sincerity, loyalty, reliability and steadfastness,[51] all of which derive from the influence of Confucianism, and, to a lesser extent, Communism. In contrast, the

equivalent Western values are accountability, representation and participation. There is, moreover, as we have seen, no tradition of independent organization and only a very weak notion of civil society. Power resides overwhelmingly in the state. Interest groups, rather than aspiring to represent themselves collectively, seek to advance their claims by private lobbying and achieving some kind of accommodation with the state. Instead of making demands on or confronting government, interest groups prefer to associate with power on an individual basis.

What serves to greatly complicate the question of democracy is that China has the size and diversity of a continent, although the site of democracy, globally speaking, has always been, and remains, exclusively the nation-state. There are no multinational, regional or global institutions that could be described as democratic.[52] Their invocation to a modicum of representivity is invariably via the nation-states that comprise them. The classic example of this phenomenon is the European Union, which makes no real claim to be democratic other than by virtue of its member-states - the European Parliament being elected but largely powerless. One of the reasons that democracy has worked in India, which is also of a continental scale, might in part be because it is far looser and more decentralized than China, so that individual states can act, in some degree, like quasi nation-states. This is certainly not the case in China, which for thousands of years has prided itself on its centralized and unitary status, even though, as we have seen, this has in practice involved a high degree of negotiated decentralization. While the more developed provinces, notably those on the eastern and southern seaboard, may already be in a position to embrace a more democratic form of polity, their progress in that direction is bound to be constrained by the far less developed condition of the majority of the country. It is possible, however, that more developed cities like Shenzhen and Shanghai may be allowed to introduce democratic reforms in advance of the rest of the country. In 2008 the Shenzhen mayor Xu Zongheng claimed that direct voting would in future account for 70 per cent of the city's residential and village committees.[53] Meanwhile, the Standing Committee of the National People's Congress issued a ruling at the end of 2007 that it would consider allowing direct elections for Hong Kong's leader in 2017; at present half its Legislative Council is elected. As a civilization-state that has always allowed and been characterized in practice by considerable diversity, such a development is not inconceivable.

Finally, we should bear in mind that China is the home of Confucian thought and practice, and consequently has experienced Confucianism in a more complete and doctrinaire form than Japan and Korea, where it was a Chinese import and therefore never enjoyed quite the same degree of overweening influence as in China. As a result, it was easier for these countries to embrace democracy by, in effect, adding a new political layer to coexist along with the older Confucian traditions and practices. It will certainly be possible for China to do the same, but the weight of what might be described as Confucian orthodoxy is likely to make it more difficult.[54]

In the long run it seems rather unlikely, given the underlying pressures for democracy that exist within increasingly sophisticated, diverse and prosperous societies, that China will be able to resist the process of democratization. The interesting question is what democracy might look like in China. There is a strong tendency in the West to view democracy in terms of a 'one size fits all' approach. In fact, the form of democracy varies greatly according to the history, traditions and culture of a society. There is no reason to believe, except on grounds of Eurocentrism, that the very specific conditions that shaped European society (and European-derived nations like the United States), and therefore European democracy, will result in the same kind of democratic structures elsewhere.[55] This is abundantly clear in the case of Japan. It certainly possesses some of the trappings of democracy that we are familiar with in the West - not surprisingly, given that the US authored Japan's post-war constitution following its defeat - most notably universal suffrage and a multi-party system. Yet it is immediately evident that in practice the system works very differently. The Liberal Democrats have been almost continuously in power since the mid fifties. The other parties, apart from the occasional period of coalition government, have found themselves in permanent opposition and wield rather less power and enjoy rather less importance in the political life of the country than the various factions within the Liberal Democrats. Moreover, as Karel van Wolferen has observed, much of the real power is vested in the civil service, especially in particular ministries, rather than in the government itself: in other words, in that part of the state that is permanently constituted rather than in that part that is elected. The cabinet, for example, barely meets and when it does its business is largely ceremonial.[56] Given these underlying continuities, the significance that attaches to elections - and, therefore, popular sovereignty - is much less

than in the Western case. Reflecting the hierarchical character of society and Confucian influence, power has a permanent and unchanging quality that is relatively unaffected by the electoral process.

Whatever democratic political system evolves in China will bear the heavy imprint of its Confucian past. It is more difficult to judge the longer-term impact of Communism because its duration will have been far more limited. There are, though, important continuities between Confucianism and Communism - for example, in the notion of a special caste of political leadership, Confucian in the one case, Leninist in the other.[57] In North-East Asia - for these purposes, Japan, South Korea, Taiwan and Vietnam - the continuing influence of the Confucian tradition is palpable in the emphasis on education, the structure of the family, the central role of the bureaucracy and the commitment to harmony.[58] Because of the presence of a Communist government, this was, until 1978, perhaps less apparent in China, but there has been a marked revival in Confucian influence since then, a process initiated by the government during the nineties,[59] but which has increasingly acquired a momentum of its own.[60] Reflecting Confucian influence, an editorial in the *People's Daily* argued that in order to build a market economy, it was necessary to promote 'the rule of virtue while developing the rule of law'.[61] In March 2007 the prime minister Wen Jiabao remarked: 'From Confucius to Sun Yat-sen, the traditional culture of the Chinese nation has numerous precious elements, many positive aspects regarding the nature of the people and democracy. For example, it stresses love and humanity, community, harmony among different viewpoints, and sharing the world in common. '[62] Communist Party officials in Henan province are now, amongst other things, assessed on the basis of Confucian values such as filial piety and family responsibility, while secondary school children are once more being taught the Confucian classics[63] and Confucius's birthday is again being celebrated. [64] On a practical level, the Party is now placing a new kind of emphasis on the importance of the obligations and duties shown by its cadres towards the people they represent. As part of their training, they are given test cases in which they are expected not just to consult their superiors as before, but also, more importantly, to listen to the people. This new attitude has been reflected in the way in which public officials have apologized for their failures in the Sichuan earthquake and milk scandal - in a manner reminiscent of the

behaviour of shamed Japanese government and corporate leaders - and resigned. Significantly, the government has chosen to use the name Confucius Institutes for the numerous Chinese cultural and language centres which it has been establishing around the world. With the decline of Marxism, the turn towards Confucius in a country so steeped in its ethical and moral discourse is predictable.[65] It can be argued, in any case, that those parts of Marxism that have had most impact in China were the ones that most chimed with the Confucian tradition - for example, self-criticism (mirroring the Confucian idea that one should direct criticism at oneself before others), the idea that rulers should be morally upright and the invoking of model workers as an example to others; by the same token, those Marxist ideas that failed were those that were most inimical to Confucianism. Even the fact that Chinese political leaders dye their hair black can be traced back to the Mencian proposition that white-haired people should be cared for rather than engaged in heavy work. Most importantly of all, Confucian ideas remain embedded in the fabric of the culture: filial piety is still widely practised and endorsed, including the legal requirement that adult children care for their elderly parents. A favourite theme of Chinese soaps concerns relationships with elderly parents. An obvious and striking characteristic of Chinese restaurants, in contrast to Western ones, is the frequency with which one sees the extended family eating together, a tradition reflected in the ubiquity of the large circular table.[66]

Confucianism should not be seen as a fixed entity, having been through many mutations during its history. Like all philosophies and religions, its longevity has depended in part upon its ability to adapt to changing circumstances and times.[67] The fact that Confucianism is a syncretic tradition has served to enhance its flexibility and adaptability. One of the most outstanding examples was the manner in which the Neo-Confucians of the Song period (AD 960-1279) assimilated Buddhism and Taoism, which were then sweeping China.[68] It would be wrong, moreover, to regard Confucianism as entirely inimical to democratic ideas. For example, Sun Yat-sen, the leader of the 1911 Revolution and the founding father of the Republic of China, said: ‘Our three-*min* principles [nationalism, citizen rights and the welfare of human beings] originate from Mencius . . . Mencius is really the ancestor of our democratic ideas.’[69] The mandate of Heaven, in recognizing the right of the people to rebel if the emperor failed

them, was certainly a more democratic idea than its European counterpart, the divine right of kings.[70] The emperor was required to rule in a virtuous and benign way according to the ethical strictures that constituted the guidelines for his conduct, while the hierarchical structure demanded a certain degree of reciprocity, suggesting implied rights as well as duties.[71] The government was expected to grant society considerable independence from the state, and in important respects this was the case - not least in the economic sphere, as the early development of a sophisticated market illustrates. Although civil society remains very weak in China, there is a powerful tradition of *min-jian* society, or folk culture, composed of age-old Chinese customs and support systems, which to this day still represents an important area of autonomy from government.[72] In sum, Confucianism certainly lends support and succour to an authoritarian system of government, but it is also imbued with democratic and popular elements.[73]

There are a number of ways in which Confucian ideas are likely to inform a democratic China:[74] the nodal role of the state and its bureaucracy; the centrality of the family, and extended networks like clans (which help, for example, to relieve the state of some of the tasks of social welfare); the importance of *guanxi* (the web of personal relationships which informs Chinese society); the Confucian preference for resolving conflicts by mediation rather than litigation, suggesting that the resort to law and the judicial process will always be far less significant in China (and Japan) than it is in the West; and the significance that is attached to values and morality as the lodestar of people's behaviour.[75] These age-old belief systems have a profound effect on the way a society operates. China, like Japan and Korea, has a quite different sense of public order and behaviour compared with the norms that prevail in the West, a situation reflected in the much lower levels of crime in these societies. Indeed, these deeper societal traditions have undoubtedly helped China - and other East Asian societies - to cope with the combined vicissitudes of globalization and modernization, in effect acting as shock absorbers.[76]

Chinese democracy will share certain universal characteristics with democracies elsewhere, but will also of necessity be highly distinctive, expressive of its roots in Chinese society and traditions. Given the cultural context of Confucianism and Communism, together with the extraordinary demands of governing a continent, the invention and evolution of Chinese

democracy will require enormous novelty and ingenuity.[77] There is no reason to believe, in a country which is home to the world's oldest and most sophisticated statecraft, that this will prove impossible. But there seems little reason to believe that this process is in any way imminent. Nor will innovation in governance be a matter of one-way traffic. Just as China can learn from the American federal system and the European Union (in which it is presently showing growing interest) in governing such a vast country, so China, accounting for one-fifth of the world's population, can also offer the rest of the world a model for large-scale governance, which is likely to become increasingly important in a globalized world.

COMMUNIST RULE

The coincidence of the collapse of Soviet Communism with the suppression in Tiananmen Square persuaded most Western observers that the Chinese Communist Party would meet a similar fate. They could not have been more wrong. In contrast to Soviet Communism, which suffered from a growing state of paralysis and ossification, the Chinese party, under Deng Xiaoping, displayed great creativity and flexibility, responding to the crisis it inherited from Mao by initiating a process of reform that has transformed the living standards of the great majority of the people. The rule of the Communist Party is no longer in doubt: it enjoys the prestige that one would expect given the transformation that it has presided over. The feel-good factor, and a concomitant mood of confidence that has been engendered, is clear from Figure 22. The uncertainties of 1989 are now a distant memory. The nature of the Party's support and legitimacy has changed in the process: this is no longer primarily a function of ideology but depends increasingly on its ability to deliver economic growth. In that sense, China has come to resemble other East Asian developmental states, though in all these cases, as discussed in Chapter 5, the nature of governmental authority is also deeply embedded in the culture. Even though support for the Communist Party is now more contingent, there is little cause to believe that it is fragile or vulnerable. On the contrary, it is reasonable to presume that its rule is rather more secure than it has been at

any time since the death of Mao, which is not surprising given its success as a governing party, and is reflected in the fact that over the last decade 20 million people have applied to join annually, even though only 2 million have been admitted each year. There is pressure for more radical political reform, as illustrated by the Charter 08 manifesto, but it remains relatively isolated and heavily policed by the state.

If the reform process has been characterized by the boldness of its economic measures, it has also been distinguished by the relative conservatism of the political changes. This is not to underestimate them. There has been the gradual spread of competitive elections to the great majority of villages and to some towns, for example in Guangdong and Fujian, where mayoral elections have been held.[78] There has been reform of the civil service, the decentralization of power to local government, and a limited rejuvenation of national and local parliaments. There has been a growing trend, largely as a result of economic necessity, towards rule by law (that is, the determination of issues according to a legal code) and, to a far lesser extent, towards the rule of law (that the law applies irrespective of the view of government),[79] which, according to one Chinese expert, applies in only 10- 20 per cent of instances.[80] Given that the latter would require the Party's power to be constitutionally limited, thereby necessitating a fundamental change in its role, its significant extension remains both problematic and unlikely. There has been a formalization of procedures such that, for example, the president can now only serve for two terms. Relations between the military and civil power have been normalized. Compared with the pre-reform period, there is far greater political space for open discussion and serious critique,[81] with the internet now the most important arena for public debate, greatly exceeding what is possible in the conventional media.[82] There have also been major reforms within the Party. Leaders are now required to retire rather than being allowed to die in office. The Sixteenth Congress in 2002 saw the first orderly transfer of power, from Jiang Zemin to Hu Jintao. Contested elections for delegates to the Party congress take place in some provinces.[83] The Party has broadened its membership, most notably, following Jiang Zemin's Three Represents reform, to include private capitalists. And the party leadership at all levels, including the top, is more professional and better educated than it was previously.[84]

Figure 22. Percentage of population dissatisfied/satisfied with the condition of their country.

China's political reform has occurred gradually and incrementally. Unlike the economic reforms, the intention has never been to effect a systemic change, and certainly not to introduce Western-style democracy - rejected as incompatible with both China's traditions and present needs in the White Paper on Democracy published in 2005[85] - but rather to modernize and codify political and administrative processes, thereby seeking to promote efficiency while maintaining political stability. The purpose of village elections, for example, has been good governance and functional efficiency rather than any move towards a wider process of democratization.[86] On the other hand, there has been a major expansion in civil liberties and human rights. Hong Kong opinion, which has traditionally been very sensitive to the lack of such rights in China, has become increasingly positive about trends to the north. In a 2008 survey in Hong Kong on the anniversary of the crack-down in Tiananmen Square, 85 per cent of respondents believed that human rights in China had improved since 1989, up from 78 per cent a year earlier. And the proportion who thought that they would improve further in the following three years rose to 77 per cent from 67 per cent a year earlier. Only 2 per cent thought that China's human rights record had

worsened since 1989.[87] The boundaries of what it is now possible to say and do in China have expanded greatly, unless they concern the most sensitive subjects like Taiwan, Tibet, the Falun Gong religious sect, or the role of the Communist Party. This is most clearly apparent on the internet, which, although heavily policed in a manner that contradicts the utopian idea of the internet as a censorship-free zone, still allows a wide-ranging and frank discussion on all but the most delicate topics.[88]

There is also growing pressure for accountability with regard to the conduct of officials. In 2005 there were 87,000 ‘mass incidents’ (demonstrations, strikes, occupations, etc.) recorded by the Ministry of Public Security, many of which concerned the appropriation of land from farmers through sweetheart deals between developers and local government, from which officials benefited financially. Although these cases usually have little or nothing to do with the national authorities, the government has been seeking, in the face of gathering unrest, to strengthen farmers’ land rights in order to prevent such seizures. Details of a proposed new rural reform package that were divulged in October 2008 suggested that the rights of farmers would be strengthened by enabling them to trade in their thirty-year land-use contracts, a move which ought to have the effect of bolstering their security of tenure.[89] Similarly, in an attempt to improve labour conditions, the government introduced a new labour law in 2008 which enhanced the role of labour unions and made it harder for employers to fire workers or rely on casual labour; it was widely expected that the new laws would significantly improve workers’ wages and conditions. Meanwhile the government has predictably resisted the formation of independent labour associations.

The Maoist period involved the politicization of more or less the whole of society. The old Maoist slogan of ‘politics in command’ aptly summed up the nature of Communist rule until Mao’s death in 1976, with its constant calls for mass campaigns, symbolized most dramatically by the Cultural Revolution. In contrast, during the reform era there has been a steady process of depoliticization, accompanied by a steep decline in the importance of ideology. The highly politicized and obtrusive Maoist state has given way to what now looks more like a technocratic state, in the manner of other East Asian developmental states,[90] although the powers of the Chinese state remain wide-ranging, from the one-child policy and internal migration to history books and the media.[91] As the Party has shifted

from ideological to instrumental rule, from a political to a technocratic approach, its relationship with the people has become less intrusive. There is, in effect, a new kind of social compact between the Party and the people: the task of the Party is to govern, while the people are left free to get on with the business of transforming their living standards.[92] Far from interesting themselves in politics, people have increasingly retreated into a private world of consumption. Money-making, meanwhile, has replaced politics as the most valued and respected form of social activity, including within the Party itself. The Party has actively encouraged its officials to enter business, not least as a means of galvanizing and mobilizing society. 'Political loyalty' has in some degree been replaced by 'money' as the measure of the political worth of Party cadres, resulting in a decline in the Party's identity, a loss of its spiritual appeal and a process of internal decay.[93]

The Party has increasingly sought to transform itself from a revolutionary organization into a ruling administrative party.[94] It prioritizes technical competence, entrepreneurship and knowledge over, as previously, revolutionary credentials, military record and class background, with a technocratic class rather than revolutionaries now in charge of the Party.[95] There have been drastic changes in the social composition of the Party leadership over the last twenty years. Between 1982 and 1997 the proportion of the central committee who were college-educated rose from 55.4 per cent to 92.4 per cent. By 1997 all seven members of the standing committee of the central committee's political bureau (the top leadership) were college-educated in technical subjects like engineering, geology and physics, while eighteen of the twenty-four political bureau members were also college-educated.[96] The Party has opened its doors to the new private capitalists in an effort to widen its representativeness and embrace the burgeoning private sector. By 2000 20 per cent of all private entrepreneurs were members of the Party.[97] This is not surprising given that by 1995 nearly half of all private capitalists had previously been Party and government officials.[98] The large-scale shift of Party and government officials into the private sector has almost certainly been the biggest single reason for the enormous increase in corruption, as some of them exploited their knowledge and connections to appropriate state property, gain access to cash reserves, and line their own pockets. The problem poses a grave

challenge to the Party because, if unchecked, it threatens to undermine its moral standing and legitimacy. Despite a series of major, high-profile campaigns against corruption, of which the most prominent casualty so far has been the former Communist Party chief in Shanghai, Chen Liangyu, the evidence suggests that the problem remains huge and elusive because its roots lie deep within the Party itself and the myriad of *guanxi* connections.[99]

As the country gravitates towards capitalism, changes are also taking place in China's class structure that are bound, in the longer term, to have far-reaching political implications. For the time being, however, the technocratic leadership will continue to dominate both the Party and the government, with little immediate prospect of a challenge to their position. The peasantry, though increasingly restive in response to the seizure of their land, remain weak and marginalized.[100] The working class has seen a serious diminution in its status and influence, with its protests limited to piecemeal, factory-by-factory action. The new class of private entrepreneurs, meanwhile, seems to be conforming to the traditional role of merchants, seeking an accommodation with, and individual favours from, the government, rather than an independent role of its own.[101]

In the longer run there are four possible political directions that Chinese politics might take.[102] The first is towards a multi-party system. This, for the time being, seems the least likely. The second would be the de facto recognition of factions within the Party. To some extent this process has, at least tacitly, been taking place, with former general secretary Jiang Zemin's power base resting on what came to be known as the Shanghai faction, who were associated with super-growth, privatization, pro-market policies and private entrepreneurs, in contrast to Hu Jintao's constituency, which has given greater priority to sustainable growth, social equality, environmental protection, and state support for education, health and social security.[103] The third would be reforms designed to instil more life and independence into the People's Congress and the People's Consultative Conference, which are state rather than Party institutions. If all three of these directions were followed, they would result in an outcome not dissimilar from that in Japan, where there is a multi-party system in which only one party matters, where the various factions within the Liberal Democrats count for rather more than the other political parties, and where the diet enjoys a limited degree of autonomy. Another possible scenario, in this same context, is that

of Singapore - in whose arrangements Deng Xiaoping showed some interest[104] - where the ruling party dominates an ostensibly multi-party system, with the opposition parties dwarfed, harassed and hobbled by the government. The fourth direction, which has been advocated by the Chinese intellectual Pan Wei, puts the emphasis on the rule of law rather than democracy, on how the government is run rather than who runs it, with state officials required to operate according to the law with legal forms of redress if they do not, and the establishment of a truly independent civil service and judiciary, a proposal which, overall, bears a certain similarity to governance in Singapore and Hong Kong.[105] Should this route be pursued then it would mark a continuing rejection of any form of democratic outcome and an affirmation of a relatively orthodox Confucian tradition of elitest government committed to the highest ethical standards.

None of these scenarios seems particularly imminent. For the foreseeable future the most likely outcome is a continuation of the process of reform already under way, notwithstanding the growing problems of governance consequent upon social unrest and chronic corruption.[106] The worst-case scenario for both China and the world would be the collapse and demise of the Communist Party in the manner of the Soviet Union,[107] which had a disastrous effect on Russian living standards for over a decade. The ramifications, nationally and globally, of a similar implosion in China, which has a far bigger population, a much larger economy and is far more integrated with the outside world, would be vastly greater. A period of chaos would threaten the country’s stability, usher in a phase of uncertainty and conflict, threaten a premature end to its modernization, and potentially culminate in a return to one of China’s periodic phases of introspection and division. The best prospect for China, and the world, is if the present regime continues to direct the country’s transformation on a similar basis of reform and mutation until such time as there can be a relatively benign transition to a different kind of era. Given China’s huge success over the last thirty years, this remains by far the most likely scenario.

CHINA AS A DIFFERENT KIND OF STATE

After the Treaty of Westphalia in 1648 (which marked the end of the Thirty Years War and initiated a new order in Central Europe based on state sovereignty), the European nation-state slowly emerged as the dominant unit in the international system. The rise of China poses an implicit challenge to this idea. For the West the key operational concept is the nation-state, but for the Chinese it is the civilization-state. At a minimum this will present the world with formidable problems of mutual understanding. This can be illustrated by the linguistic differences: whereas in English there are different words for nation, country, state and government, these are not only relatively recent in Chinese, but the Chinese still largely use the same character for 'country' and 'state'.[108] The real difficulty, of course, lies not in linguistic differences but in the different cultural assumptions and meanings that are attached to those words in the two languages. The same word can have a very different meaning for an American or a French person in contrast to a Chinese, even though they might appear to be singing from the same sheet. Huang Ping believes that this cultural difference 'is going to be a huge problem'. [109] In a world hitherto dominated by Western concepts, values, institutions and propositions, to which China has been obliged to adapt, this has been a far bigger problem for China than for the West. But fast-forward to the future and it becomes clear that, as China's power and influence grow apace, it will become the West's problem more than China's.[110]

In such circumstances it is pointless to think that China is going to change and adopt Western cultural norms: the practices and ways of thinking are simply too old and too deeply rooted for that to happen. Far from China converging on the Western model and thereby conforming to the established patterns of the nation-state, there is likely to be a rather different scenario. This is not necessarily because China will want to change things: on the contrary, it has been at pains to assure the global community that it certainly does not see itself as an agent of change anxious to overthrow the established international order. But countries naturally and inevitably see the world according to their own history and experiences, an outlook that is tempered only by the constraints of geopolitics and realpolitik. The European powers, the major architects of the international system as we know it today, brought their own traditions and history to bear on the shaping and design of that system, at the core of which lay the nation-state, a European invention. The way in which the United States sees

the world reflects both its European ancestry and the specific characteristics of its own formation and growth. The fact that it expanded by a continuous process of conquest and that, as a settler-nation, it had to invent itself from scratch has imbued the country with a universalizing and missionary conception of its role.[111] The rules that govern the international system may be universal in application, but that does not mean that they were universal in creation, that they emerged magically out of the international ether: on the contrary, they were the invention of those nations that were strong and dominant enough to enforce their will and to ensure that their interests were those that triumphed. As China becomes a global power, and ultimately a superpower, probably in time the dominant superpower, then it, like every other previous major power, will view the world through the prism of its own history and will seek, subject to the prevailing constraints, to reshape that world in its own image. Above all, that means that China will see the world in terms of its identity and experience as a civilization-state, with its attendant characteristics and assumptions, rather than primarily as a nation-state.

There is another related sense in which China's emergence is bound to change the international system as we know it. The European nation-states that constituted the original founding core of the international system were all, roughly speaking, of a similar kind: namely, in global terms, small to medium sized. Following the Second World War, the number and diversity of nation-states was dramatically transformed as a result of decolonization (and then again after 1989 with the break-up of the USSR). The second half of the twentieth century was dominated by the US and the USSR, which were both far larger than even the biggest European nation-states. Partly as a result, the West European states were encouraged to combine their power in what we now know as the European Union, a grouping of nation-states. It has become common to see such unions of nation-states as the way forward, ASEAN and Mercosur (a regional trade agreement between four South American countries) being further examples, though neither as yet involves any pooling of sovereignty. The American perspective, for obvious reasons, has invariably placed the major emphasis on the nation-state. But the rise of China and India threatens to transform the picture again. In one sense, of course, it marks the reassertion of the nation-state. These are no ordinary nation-states, however, but states on a gargantuan scale. If this century will increasingly belong to China and India, in conjunction with the United

States, then it should also be seen as the Age of the Megastate.[112] This does not mean that unions of nation-states will go out of fashion, but their primary *raison d'être* is likely to be as a counterweight to the megastate, both the old (the United States) and especially the new (China and India).

Quite where this will leave the old Westphalian system is difficult to say. States of the scale, size and potential power of China and India will dwarf the vast majority of other countries. This will not be an entirely new phenomenon. During the Cold War, the United States and the Soviet Union both established unequal relations with their subordinate allies to an extent which frequently undermined or greatly detracted from the sovereignty of the latter. This is the case, in varying degrees, of the US's present relationship with many countries. But China and India are on a different scale even to the United States: China has more than three times the population and between them India and China comprise around 38 per cent of the world's population. As both are still only at the earliest stages of their transformation, it is impossible at present to conceive what this might mean in terms of their relationship with other states. The Westphalian system may well survive the emergence of China and India as global powers, but it will certainly look very different from any previous stage in its history.

There is one other aspect of China's emergence as a global power that is also novel. Hitherto, ever since the onset of industrialization in the late eighteenth century, the most powerful countries in the world have shared two characteristics. First, they have enjoyed one of the highest (if not the highest) GDPs of their time. Second, they have also had an extremely high GDP per head: the richest nations have also had the richest populations. That was true - in rough chronological order - of Britain, France, Germany, the United States and Japan. The only exception, arguably, was the USSR . That situation is about to change: China will share only one of these characteristics, not both. It already has a high GDP - the third highest in the world measured by market exchange rates. But even when it overtakes the United States in 2027, as predicted by Goldman Sachs, it will still have a relatively low GDP per head, and even in 2050 it will still only belong to the 'upper middle group' rather than the 'rich club' (see Figure 23). Welcome to a new kind of global power, which is, at one and the same time, both a developed - by virtue of the size of its GDP - *and* a developing country - by virtue of its GDP per capita.

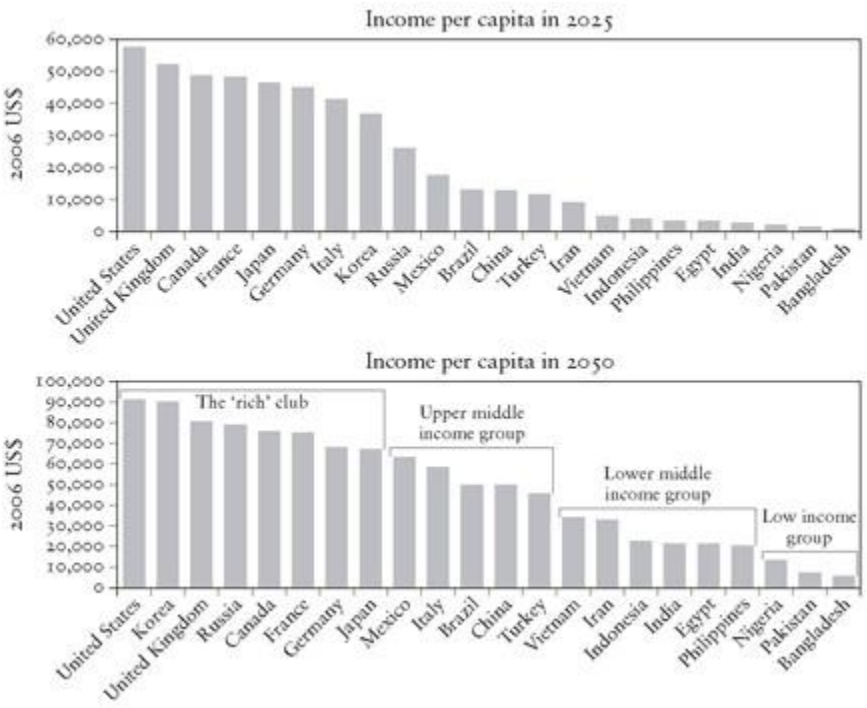


Figure 23. Future income per capita of major countries.

The implications of a potential superpower being both a developed and a developing country are profound and multifarious. Previously the distinction between developed and developing countries was clear and unambiguous. Indeed between 1900 and 1960 there was a fundamental cleavage between those countries that industrialized in the nineteenth century and those that did not, a situation which persisted until the rise of the Asian tigers from the late fifties. This distinction between developing and developed will in future be more shaded. The continental-sized states, namely China and India, are likely to belong to both categories for many decades: their huge populations mean that they will continue to embrace very diverse levels of development and living standards within their borders. And they are in the process of being joined by other more populous developing countries such as Brazil and Indonesia, with Russia already belonging in this category.

The fact that China and India will be both developed and developing countries suggests that they will also enjoy diverse interests, namely the motives and concerns of *both* developed and developing countries: in effect,

they will have a foot in both camps. Hitherto, trade relations have been dominated by the interests of the developed world on the one hand and the developing world on the other. Where will China and India fit in this game? Will they lean towards the developed world or the developing world, or both, depending on the issue involved?[113] It is reasonable to assume that over the next twenty years or so, both will frequently make common cause with the developing world: this can already be seen in the role of and cooperation between China, India, Brazil and South Africa in the World Trade Organization.

In the longer run, though, this will change. Assuming that both China and India continue to enjoy rapid growth for some time to come, the centre of gravity of their interests and concerns is likely to shift steadily over time from the 'developing' sectors of their economies to the 'developed', a process which will be accompanied by the growing power of those associated with the more modern parts of their economies. This is already evident in China with the increasing power of entrepreneurs and the steady decline of the farmers. A byproduct of these trends might be to embed fundamental divisions in these countries between the developed and developing parts, disparities that are a function of historic differences, reinforced and accentuated by their relationship to the inequalities and dynamics of the global economy.

China will also share another characteristic with India as a major power. China was partially colonized and India was completely colonized. The club of advanced countries - those that began their industrialization in the nineteenth century or, in the case of Britain, earlier - were those that did the colonizing. The United States, of course, also started life as a colony, but because its settler population consisted of migrants from Europe, especially Britain, its relationship to Britain as an imperial power was very different to those colonies whose people were of a different race and culture.[114] The US , moreover, was also later to acquire its own colonies. China and India will be the first major powers that were previously colonized and are composed of non-white races and cultures. In other words, China and India can identify with those who have been colonized in a way that the imperialist powers obviously cannot. This has greatly assisted China in its courtship of Africa, as we shall see in Chapter 9. Here is another powerful change in the texture and symbolism of global politics represented by the rise of China and, in this case, especially India.[115]

8

The Middle Kingdom Mentality

The journey from Fudan University on the north side of Shanghai to the Shanghai Museum in the centre must have taken the best part of an hour, perhaps longer. A decade ago the roads were not only congested but also in variable states of repair. Quite frequently in the course of my city travels, I found that taxi drivers had only a rather vague idea of where my destination might be and it was not entirely unusual to be left high and dry in what one hoped was the general vicinity of it: the city was changing so quickly that road maps were out of date before they were published, giving a whole different meaning to what in London the cabbies call ‘the knowledge’. On this occasion, though, there was no such problem; being a famous landmark in the central area of Shanghai assured familiarity.

My companion on the journey to interview the founder of the magnificent Shanghai Museum was a sociology student, Gao, who was in her final year at Fudan University before leaving to pursue a doctorate at one of the top American universities. She had been asked by her professor to assist me during my month’s stay at Fudan and she had proved wonderfully supportive. She was one of the most intelligent and committed undergraduates I had ever met and was extraordinarily well read. More than that, she was very pleasant and agreeable company, full of suggestions, always prepared to meet my requests, as well as having plenty of ideas of her own. She helped to make my stay in Shanghai a real pleasure. On this occasion she was coming with me to help with any translating that might be required during the interview.

In the taxi we talked about the interview, the Museum, which I had visited on a couple of previous occasions, and the interviews planned before my return home to Hong Kong in just over a week’s time. Then our conversation drifted on to other subjects. Gao was naturally excited about the prospect of studying in the United States and suddenly said: ‘Did you

know that some Chinese students that go to America marry Americans?' I told her about the television programme I had made the previous year about the overseas Chinese, including an interview with such a mixed-race couple living in San Francisco. 'Actually, three weeks ago I saw a mixed couple at the supermarket checkout at the end of our road,' I said. 'A Chinese woman and an American guy.' Then I added after a pause: 'He was black.' Why did I say that to her? I guess there were several reasons. In Hong Kong such a couple was a rare sight - indeed it was the only time I had ever seen one, and it had stuck in my mind. And my wife was Indian-Malaysian, possessed of the most beautiful dark brown skin, but I was painfully aware that not everyone perceived her colour in the way that I did, especially the Hong Kong Chinese.

I was totally unprepared for Gao's reaction. Her face became contorted and she reacted as if she had just heard something offensive and abhorrent. She clearly found the very thought repellent, as if it was unnatural and alien, akin to having a relationship with another species. Her reaction was a demonstration of prolonged physical repulsion the like of which I had never previously witnessed. For her the idea was simply inconceivable. Gao was a highly educated and intelligent woman; and an extremely nice one. I was shocked. I asked her what the matter was as she writhed in disgust, but there was no answer and no possibility to reason with her. That was more or less the beginning and end of our conversation on the subject. The memory of that journey has remained with me ever since. There was, alas, no reason to think that Gao's reaction was unusual or exceptional. This was not simply the reaction of an individual but the attitude of a culture. And she was surely destined to become a member of China's elite.

What will China be like as a great power? The traditional way of answering this question is in terms of geopolitics, foreign policy and interstate relations. In other words, it is seen as a specialist area of foreign ministries, diplomacy, bilateral talks, multinational negotiations and the military. A concentration on the formal structures of international relations, however, fails to address the cultural factors that shape the way a people think, behave and perceive others. The geopolitical approach informs how a state elite reasons and acts, while a cultural analysis, rooted in history and popular consciousness, seeks to explain the values, attitudes, prejudices and assumptions of a people. In the short run, the former may explain the

conduct of relations between countries, but in the longer run people's values and prejudices are far more significant and consequential.[1] Ultimately, nations see the world in terms of their own history, values and mindset and seek to shape that world in the light of those experiences and perceptions.

Take the example of the United States. Fundamental to any understanding of American behaviour over the last three centuries is that this was a country established by European settlers[2] who, by war and disease, largely eliminated the indigenous population of Amerindians; who, having destroyed what had existed before, were able to start afresh on the basis of the European traditions that they had brought with them; who engaged in an aggressive westward expansion until they came to occupy the whole of the continent; and who were to grow rich in large measure through the efforts of their African slaves.[3] Without these building blocks, it is impossible to make any sense of subsequent American history. They help us to understand the basic contours of American behaviour, including the idea of the United States as a universal model and the belief in its manifest destiny. It is clear that race and ethnicity are fundamental to this picture. Consciously or unconsciously, they lie at the heart of the way in which people define themselves and their relationship to others.[4]

This more cultural approach is, if anything, even more important in China's case because it has only very recently come to see itself as a nation-state and engage in the protocol of a nation-state: most Chinese attitudes, perceptions and behaviour, as we saw in the last chapter, are still best understood in terms of its civilizational inheritance rather than its status as a nation-state. If we want to comprehend how China is likely to behave towards the rest of the world, then first we need to make sense of what has made China what it is today, how it has evolved, where the Chinese come from, and how they see themselves. We cannot appreciate their attitude towards the rest of the world without first understanding their view of themselves. Once again, history, culture, race and ethnicity are central to the story.

FROM DIVERSITY TO HOMOGENEITY

China, or at least the land mass we now call China, was once, like any other huge territory, occupied by a great multitude of races.[5] Today, however, China sees and projects itself as an overwhelmingly homogeneous nation, with over 91 per cent of the population defined as Han Chinese. True, the constitution defines China as a unitary, multi-ethnic state, but the other races compose less than 9 per cent of the population, a remarkably small percentage given its vast size. A tourist who visits the three great cities of Guangzhou in the south, Shanghai in the east and Beijing in the north-east, however, ought to have no difficulty in noticing that there are very marked physical differences between their inhabitants, even though they all describe themselves as Han Chinese. While Beijingers are every bit as tall as Caucasians, those from Guangzhou tend to be rather shorter. Given that modern China is the product of a multiplicity of races, this is not surprising. The difference between China and other populous nations has not been the lack of diversity, but rather the extraordinary longevity and continuity of Chinese civilization, such that the identity of most races has, over thousands of years, been lost through a combination of conquest, absorption, assimilation, intermarriage, marginalization and extermination.

Like all racial categories, the Han Chinese - a product of the gradual fusion of many different races - is an imagined group. The term ‘Han Chinese’, indeed, only came into existence in the late nineteenth century. But such has been the power of the idea, and its roots in the long history of Chinese civilization, that it has spawned what can only be described as its own historical myth, involving the projection of the present into the distant past. That myth holds that the Chinese are and always have been of one race, that they share a common origin, and that those who occupy what is China today have always enjoyed a natural affinity with each other as one big family.[6] This has become an integral part of Chinese folklore and is shared by the Confucian, Republican and Communist traditions alike.[7] A recent official Chinese publication on patriotic education declared: ‘Patri otism is a fine tradition of our Chinese nation. For thousands of years, as an enormous spiritual force, it continuously stimulated the progress of our history.’[8] There is a commonly held view amongst the Chinese that Chinese civilization commenced with the Yellow Emperor (Huang Di), who, as legend has it, was born in 2704 BC and ruled a kingdom near the Yellow River on the central plain that is regarded as the cradle of Chinese civilization. Many Chinese, both on the mainland and overseas, believe that

they are genealogically descended from the Yellow Emperor.[9] Although Mao rejected the idea, it has staged something of a revival since the mid eighties. In a speech in 1984, Deng Xiaoping suggested that the desire for the reunification of the mainland and Taiwan was innately 'rooted in the hearts of all descendants of the Yellow Emperor'.[10] A well-known intellectual, Su Xiaokang, has written: 'This Yellow River, it so happens, bred a nation identified by its yellow skin pigment. Moreover, this nation also refers to its earliest ancestor as the Yellow Emperor. Today, on the face of the earth, of every five human beings, there is one that is a descendant of the Yellow Emperor.'[11] This statement implies that the Chinese have different origins from everyone else. Like the Japanese, the Chinese have long held, albeit with significant dissenting voices, a polygenist view of the origins of *Homo sapiens*, believing that - in contrast to the generally held view that we all stem from a single ancestry in Africa - humanity has, in fact, multiple origins.[12] Peking Man, discovered in Zhoukoudian near Beijing in 1929-30,[13] has been widely interpreted in China as the 'ancestor' of the Mongoloid race.[14] In 2008 a further important discovery was made of skull fossils of a hominid - Xuchang Man - at the Xuchang site in Henan province,[15] which was believed to date back 80-100,000 years. An article in the *China Daily* claimed that 'the discovery at Xuchang supports the theory that modern Chinese man originated in what is present-day Chinese territory rather than Africa.' It continued, 'Extraordinary archaeological discoveries are critical to maintaining our national identity as well as the history of our ancient civilization.'[16] While internationally archaeological findings are regarded as part of a worldwide effort to understand the evolution of the human race, in China, where they are given unusual prominence, they are instead seen as an integral part of national history and are used 'to promote a unifying concept of unique origin and continuity within the Chinese nation'.[17]

Chinese historians generally describe the process of Chinese territorial expansion as one of 'unification' rather than 'conquest', with expansion being seen as a progressive evolution towards a preordained and inevitable unity. Territory, once taken, has been regarded as immutably Chinese.[18] There is a powerful underlying assumption that the numerous races and nationalities have always demonstrated undivided loyalty to the imperial regimes.[19] The truth, in fact, is rather different. Far from China's expansion

to its present borders being a harmonious and natural process, the realization of a nation always waiting to be born, it was in fact, as one would expect, a complicated process of war, rivalry, ethnic conflict, hegemony, assimilation, conquest and settlement.[20] The embryo of contemporary China was born out of the military victory of the Qin kingdom (221- 206 BC), following the Warring State period during which over 100 states fought for supremacy in north and central China. The Qin dynasty - which, prior to its triumph, roughly coincided with the present north-west province of Shaanxi - eventually emerged victorious over six other kingdoms and succeeded in expanding its territory sixfold.[21] During the 2,000 years that followed the Qin victory, China expanded southwards to the South China Sea, northwards to incorporate much of the steppe lands, and westwards into Central Asia. Far from this enormous geographical expansion being characterized by a natural process of fusion, peace and harmony, it predictably entailed much conflict and many wars.[22]

The growth of China is the story of the outward expansion of the northern Chinese. The best-known area of conflict concerns the region to the north of Beijing, bordering on what we now know roughly as Mongolia and Manchuria. For thousands of years this region was contested between the northern horse-bound nomads of the steppes and the agrarian-based Chinese. The picture painted by official Chinese histories is of aggressive, rampaging nomads and peace-loving Chinese peasants.[23] While it is true that the Chinese were constantly preoccupied with the security of their northern borders - until the Qing dynasty, the steppe nomads showed themselves to be highly effective fighters - the Chinese frequently sought to conquer and hold the steppe lands to their north. Rather than seeing the Great Wall as a line of fortified defence against the nomads, in fact, it is more appropriate to regard it as the outer perimeter of an expanding Chinese empire.[24] The names of the fortifications reveal the nature of the Chinese intent: ‘Tower for Suppressing the North’ and ‘Fort Where the Barbarians are Killed’. The Chinese saw the nomads as much their inferior, referring to them as barbarians. It was the long-running conflict between the Chinese and the steppe nomads that shaped the Chinese sense of cultural superiority, gave rise to the distinction between ‘civilization’ and ‘barbarians’, and largely conditioned Chinese thinking about ‘self’ and ‘the other’.[25] The cleavage is not surprising: settled agricultural communities everywhere looked down on nomads as backward and primitive.

Nevertheless, the Chinese and the steppe nomads, although more or less constantly at war, also experienced something of a symbiotic relationship. On many occasions, the 'barbarians' successfully conquered China and became its rulers, most famously in the case of the Mongols and later the Manchus of the Qing dynasty. Indeed, as testimony to the extent of mutual incursion and interaction over the millennia, the ruling Chinese caste was essentially a racial mix of the northern Chinese and the nomadic steppe tribes.[26] The ascendancy of the Chinese, however, is illustrated by the manner in which both the Mongols and the Manchus - and all other conquerors of China from the steppes - invariably, sooner or later, went 'Chinese' once in power. The historian Wang Gungwu has suggested that 'in the last thousand years, the Chinese can only claim to have ruled their own country for 280 of those years', yet in every case the 'foreign' rulers adopted Confucian culture and the Confucian system of governance. [27] There is no more powerful demonstration of the advanced nature of Confucian civilization and the hegemonic influence that it exercised over the peoples around its borders.

The conquest of the lands to the south is less well known. It took place over a period of nearly three millennia and involved the movement of whole populations, the intermixing of races, and the disappearance or transformation of cultures. Some races vanished altogether, while substantial kingdoms were either destroyed or subject to a process of absorption and assimilation. The rich foliage of these subtropical lands lent themselves to guerrilla warfare and the Han rulers, during the Qin and Han dynasties in particular, were kept in a more or less permanent state of insecurity.[28] By far the largest single expansion - and certainly the most rapid - took place in the early phase of the Manchu-controlled Qing dynasty, from 1644 until the late eighteenth century, when the territory under Chinese rule more than doubled. This involved the conquest of lands to the north, notably those occupied by the Mongols, and to the north-west, the homelands of the diverse Muslim populations of Turkestan.[29] Many of the peoples conquered, particularly in Central Asia and Tibet, had little or nothing in common with the Han Chinese. These lands became colonial territories of the Qing empire, huge in extent, sparsely populated and rich in some natural resources. China's expansion usually involved a combination of military force and cultural example. This was certainly true of the southern and central parts of China as well as the steppe lands. But the Qing

conquest of the north-west and west was different, being achieved by the use of particular force and brutality.[30] Most of the Zunghars, for example, who occupied much of what we now know as Xinjiang, were exterminated.[31]

The expansion of the Chinese empire over such a long historical period involved what might be described as a steadily moving frontier or, to be more precise, many moving frontiers. One of the characteristics of Chinese expansion was the resettlement of enormous numbers of people across China, with population movement, always highly regulated, being an important instrument of government policy. The Qin, for example, deployed it on a massive scale to occupy and pacify their greatly expanded territory. One of the most remarkable examples was the huge resettlement of Sichuan province in the south-west, whose population had fallen to around half a million by 1681, but which reached 207 million in 1812 as a result of the movement of migrant-settlers, organized and orchestrated by the Qing dynasty.[32] This process is still evident today, with the steady influx of Han migrants into Inner Mongolia, where they now constitute a very large majority, and into Tibet and Xinjiang, where they represent substantial minorities, possibly even a majority in the case of the latter. Resettlement has been a key tool in the process of Chinese expansion and Hanification.

It is important, in this context, to distinguish between a land-based expansion like China's and a maritime-based expansion such as those of the European empires of Britain and France. The European colonies never acquired any degree of permanence because, except in those cases where there was overwhelming white settlement, as for example in Australia and North America, it was impossible to assimilate races and cultures which, by virtue of place and distance, were entirely alien. This was quite different from China, which, because of its land-based expansion, always enjoyed the advantage of proximity, thereby enabling, if need be, the process of absorption and incorporation to take thousands of years.[33] As a consequence, in terms of the consciousness of its multitudinous component groups, the Chinese empire is no longer an empire, except at its northern and especially north-western and western edges, with the population of these areas representing only 6 per cent of China's total.[34] China thus only confronts difference, for the most part, at its perimeter. On the other hand, in terms of land these regions are extremely important, accounting for

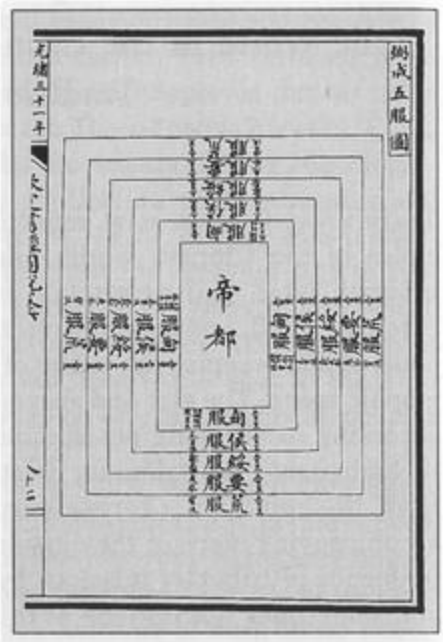
around 64 per cent of China's land mass. Territorially speaking, China remains an empire.

FROM UNIVERSE TO NATION-STATE

Until its engagement with Europe in the nineteenth century, China saw itself in terms quite different from those of a nation-state. China believed that it was the centre of the world, the Middle Kingdom, the 'land under Heaven' (*tianxia*), on an entirely different plane from other kingdoms and countries, not even requiring a name.[35] It was the chosen land not by virtue of God, as in the case of Israel or the United States, but by the sheer brilliance of its civilization. Perhaps the best way to illustrate imperial China's mentality is by the maps of the period. These consisted of a series of concentric circles or rectangles, with Beijing at the epicentre, the core formed by the northern Chinese, then progressively moving outwards across China, from those fully accepted as Chinese, to the inner barbarians, the outer barbarians, the tributary states, and finally to those condemned to outer darkness, deemed incapable of being civilized, who lived in distant lands and continents (see illustration on p. 242).[36] Imperial China, in short, embraced an utterly Sinocentric view of its place in the global order. This was not a world with a common measure, as in a system of nation-states, but instead a bifurcated world, consisting of a single 'civilization' surrounded by many 'barbarians', the latter arranged according to their cultural proximity to civilization, as in a spectrum of deepening shadows. As the 'land under Heaven', imperial China was a universe in its own right, above and distinct from the rest of the world, superior in every respect, a higher form of civilization achieved by virtue of the values, morals and teachings of Confucianism and the dynastic state that embodied them. Its ideal was universalism, which was the rationale for its expansion.[37]

Unlike a nation-state, its frontiers were neither carefully drawn nor copiously policed, but were more like zones, tapering off from civilization through the various states of barbarianism.[38] It is not surprising that the centre of the world did not require a name, for the Middle Kingdom needed no further explanation or description. Its mode of expansion was a

combination of conquest and cultural example, its ideological justification that of a ‘civilizing mission’.[39] The Chinese system exercised an extraordinary hegemonic influence on the entire surrounding region: on the distant island of Japan and on the Korean Peninsula, which, as we have seen, both adopted Chinese characters for their writing systems and used a form of Confucianism for their moral tenets and system of governance; on the tribal nomads of the northern steppes, most of whom, when circumstances enabled or dictated, came under the Confucian spell; on what we now know as Vietnam, which was thoroughly Confucianized while fiercely defending its independence from the Chinese over many centuries; and finally, as we have seen, on the progressive Sinicization of the diverse peoples that comprise what we know as China today. Whatever the role of force, and it was fundamental, there is no brooking the huge power, influence and prestige of Chinese thinking and practice.



The Ancient Chinese view of the world

The classic ancient Chinese account of the world, dating from the sixth century BC, was the Yugong, *a chapter of the* Shujing *(Classic of History). This highly influential document describes five major concentric*

geographical zones emanating outwards from the capital: royal domains, princely domains, a pacification zone, the zone of allied barbarians, and the zone of savagery. These zones have conventionally been portrayed in rectangular form, in line with the cosmological notion of a square earth.

Traditional Western political theory has been at pains to draw a firm and categoric distinction between agrarian-based dynastic regimes and nation-states. China, which has adopted many of the key characteristics of a nation-state while remaining essentially a civilization-state, confounds these kinds of traditional distinctions, as the lines of continuity between the Celestial Kingdom and modern China as a civilization-cum-nation-state indicate.[40] Thus imperial China already enjoyed, in elemental form, some of what we understand, in a broader comparative context, to be the crucial building blocks and incipient characteristics of a nation-state. In Confucianism, for example, it possessed a state ideology par excellence, by far the most advanced of its time, which imbued the outlook of the elite and also influenced the wider population.[41] The mandarin bureaucracy - schooled in the precepts of Confucianism, devoted to the idea of service and endowed with a powerful credo of administration - was the most sophisticated civil service of its time. And the country already enjoyed a shared written language: many dialects may have been spoken across China, most of which could be understood only by their own speakers, but all the spoken versions shared a common written script and this acted as a source of affinity, identity and cohesion across the population.[42] Finally, Sinocentrism - the idea of the Middle Kingdom, the view that China was the centre of the world, the belief that Chinese civilization was the most advanced in the world - provided what might be described as a primordial form of patriotism.[43] This was not the kind of patriotism that we associate with the nationalism of the modern nation-state, but rather a belief in their own universalism, the relevance and applicability of their culture to all peoples and societies, and its inherent superiority in relation to others. Implicit in this feeling of pre-eminence, as we shall see, was an inchoate notion of racial, as well as cultural, superiority, such that the two became intimately entwined.

Towards the end of the nineteenth century, under growing threat from the European powers and Japan, the Qing dynasty was increasingly obliged to operate according to the rules of a nation-state-based international system. The haughty view that it had previously maintained of its elevated role in

relation to that of other states foundered on the rock of European superiority. The ‘land under Heaven’ was brought down to earth. The Middle Kingdom became just another state, now with a name, China, like any other. An elite and a people schooled in the idea of their cultural superiority entered a prolonged crisis of doubt, uncertainty and humiliation from which, a century and a half later, they are only now beginning to emerge. China, besieged by foreign powers, was forced to begin the process of defining its frontiers with the same kind of precision as other states, though such was the length of these borders and the number of its neighbours that even today those with India remain unresolved.

The belief in their cultural superiority shaken and undermined, the Chinese began a long and agonized search for a new sense of identity as circumstances grew more precarious and desperate at the end of the nineteenth century. It was during this period that the nationalist writer Zhang Taiyan introduced the term ‘Han people’ (*Hanren*) to describe the Chinese nation, and it rapidly acquired widespread popularity and usage.[44] ‘Qin Chinese’ might have been chosen, but Han was preferred, probably because the Han dynasty, which immediately followed the Qin (the first unified Chinese empire), lasted much longer: 400 years compared with a mere fifteen. The term ‘Han Chinese’ was an invention, nothing more than a cultural construct: there was no such race; the Han Chinese were, in reality, an amalgam of many races.[45] The purpose of the term was overtly racial, a means of inclusion and exclusion. It was used as a way of defining the Chinese against the Manchus, who formed the Qing dynasty and who, after 250 years in power, increasingly came to be seen, as their rule began to crumble, as an alien and objectionable presence. It was also directed against the Europeans, who controlled most of the treaty ports and who were seen as undermining the fabric of China and Chinese life. The deep resentment against Europeans, who were increasingly referred to in derogatory racial terms, was graphically illustrated by the xenophobic and nativist Boxer Uprising (1898- 1901),[46] which marked the early beginnings of a popular Chinese nationalism, though it was not until the Japanese invasion in 1937 that this became a genuinely mass phenomenon. There are many expressions of Chinese nationalism today, most notably directed against the Japanese - as in the demonstrations in 2005 - and also against various Western powers, especially the United States; as a result, it has become commonplace to refer to the rise of Chinese nationalism. The

problem is that this suggests it is essentially the same kind of phenomenon as other nationalisms when, in fact, Chinese nationalism cannot be reduced to nation-state nationalism because its underlying roots are civilizational. Imperial Sinocentrism shapes and underpins modern Chinese nationalism. It would be more accurate to speak of a dual phenomenon, namely Chinese civilizationalism and Chinese nationalism, the one overlapping with and reinforcing the other.

THE CHINESE AND RACE

Racism is a subject that people often seek to avoid, it being deemed too politically embarrassing, any suggestion of its existence often eliciting a response of outraged indignation and immediate denial. Yet it is central to the discourse of most, if not all, societies. It is always lurking somewhere, sometimes on the surface, sometimes just below. Nor is this the least bit surprising. Human beings see themselves in terms of groups, and physical difference is an obvious and powerful signifier of them. It is but a short distance to ascribe wider cultural and mental characteristics to a group on the basis of visible physical differences: in other words, to essentialize those physical differences, to root culture in nature, to equate social groups with biological units.[47] There is a widely held view, not least in East Asia, that racism is a ‘white problem’: it is what white people do to others. In both China and Taiwan, the official position is that racism is a phenomenon of Western culture, with Hong Kong holding a largely similar view.[48] This is nonsense. All peoples are prone to such ways of thinking - or, to put it another way, all races harbour racial prejudices, engage in racist modes of thought and practise racism against other races. Racism, in fact, is a universal phenomenon from which no race is exempt, even those who have suffered grievously at its hands. Each racism, however, while sharing general character-istics with other racisms, is also distinct, shaped by the history and culture of a people. Just as there are many different cultures, so there are also many different racisms. White racism has had a far greater and more profound - and deleterious - effect on the modern world than any other. As white people have enjoyed far more power than any other racial

group over the last two centuries, so their influence - and their prejudices - have reached much further and have had a greater impact, most dramatically as a result of colonialism. But that does not mean that other peoples do not possess similar attitudes and prejudices towards races that they believe to be inferior.[49]

This is certainly the case in East Asia. Although rarely recognized, in many parts of the region, especially in North-East Asia, the notion of identity is highly racialized. Many terms have been used in China and Japan since the late nineteenth century to represent these countries as biologically specific entities. In China these include *zu* (lineage, clan), *zhong* (seed, breed, type, race), *zulei* (type of lineage), *minzu* (lineage of people, nationality, race), *zhongzu* (breed of lineage, type of lineage, breed, race), *renzhong* (human breed, human race); while those used in Japanese include *jinshu* (human breed, human race), *shuzoku* (breed of lineage, type of lineage, breed, race) and *minzoku* (lineage of people, nationality, race).[50] Even in South-East Asia, which is racially far more heterogeneous, racial identities remain very powerful. In short, a racialized sense of belonging is often at the heart of national identity in East Asia.[51]

The importance of racial discourse in China and other Confucian societies like Japan, Singapore, Taiwan, Korea and Vietnam begs the question of why this is the case. The answer is almost certainly linked to the centrality of the family, which has been a continuing and crucial thread in the Chinese tradition (as in all Confucian societies), and which, together with the state, is the key societal institution. The family defines the primary meaning of ‘we’, but the family is also closely linked to the idea of lineage, which serves to define a much larger ‘we’. People in China have long had the habit of thinking of people with the same name as sharing a common ancestry. Since the Ming dynasty, it has been common for different lineages with the same surname to link ancestors and establish fictitious kinship ties through a famous historical figure, as in the case of the Yellow Emperor. ‘The entire Chinese population,’ suggests Kai-wing Chow, ‘could be imagined as a collection of lineages, since they all shared the same Han surnames.’[52] And the fact that there are relatively few surnames in China has served to magnify this effect. In Chinese custom, lineage, like the family, is intimately associated with biological continuity and blood descent (an idea which enjoys core cultural significance in Confucian societies) as is, by extension, the nation itself.[53] This is reflected in the notion of

citizenship, with blood the defining precondition in all these societies: indeed, it is almost impossible to acquire citizenship in any other way.[54]

Far from racism being a Western invention, it has ancient roots in both China and Japan. There is written evidence cited by Jared Diamond going back to at least 1000 BC which shows that the Chinese regarded themselves as superior to the non-Chinese and that the northern Chinese saw those in southern China as barbarians.[55] In ancient China, the ruling elite measured groups by a cultural yardstick according to which those who did not follow Chinese ways were considered to be barbarians, though the latter could subsequently be reclassified depending on the degree of their cultural assimilation. [56] Within the Middle Kingdom, the barbarians were typically divided into two categories: 'raw barbarians' (*shengfan*), who were seen as savage and resistant, and 'cooked barbarians' (*shufan*), who were regarded as tame and submissive.[57] Cooked barbarians were deemed as on the cusp of being civilized, raw barbarians as being beyond assimilation. Those living outside the borders of China were regarded as either raw barbarians or, worse, as akin to animals. The distinction between man and animal in Chinese folklore was blurred, with alien groups living outside China frequently regarded as savages hovering on the edge of bestiality and often described by the use of animal radicals (radicals are a key component of written Chinese characters), thereby identifying different non-Chinese peoples with various kinds of animals.[58] It is clear from this that the Chinese sense of superiority was based on a combination of culture and race - the two inseparably linked, the relative importance of each varying according to time and circumstance.[59] Frank Dikötter, who has written the major study in the English language on Chinese racism, argues:

On the one hand, a claim to cultural universalism led the elite to assert that the barbarian could be 'sinicized', or transformed by the beneficial influence of culture and climate. On the other hand, when the Chinese sense of cultural superiority was threatened, the elite appealed to categorical differences in nature to expel the barbarian and seal the country off from the perverting influences of the outside world.[60]

For the most part, however, the expansive rather than the defensive view prevailed.

Skin colour assumed an early significance. From the most ancient times, the Chinese chose to call themselves white, with a light complexion highly valued and likened to white jade.[61] By the beginning of the twelfth century, the elite attached a heightened meaning to being white, with colour consciousness amongst the elite sensitized by the maritime contacts established during the Southern Song dynasty (AD 1127-1279). During this period even the newly popular image of Buddha was converted from a 'swart half-naked Indian to a more decently clad divinity with a properly light complexion', rather as Jesus was whitened in the Western Christian tradition.[62] Of course, not all Chinese had light complexions. In particular, those who laboured long and hard in the fields under a fierce sun were weather-beaten and dark-skinned. The symbolic distance, and distinction, as represented by class, and made visible in skin colour, was thus projected by the Chinese elite onto the outside world as they came into growing contact with other peoples and races. White was regarded as the centre of the civilized world, embodied by the Middle Kingdom, while black represented the negative pole of humanity, symbolized by the remotest parts of the known world. As the Chinese became familiar with more distant lands during the Ming dynasty, notably through Zheng He's voyages to Africa and South-East Asia in the fifteenth century, so their perception of skin colour and physical difference became more variegated, with Africans and aboriginals invariably placed at the bottom, and Malays and Viets just above them.[63]

During the Qing dynasty, racial categories became a central and explicit factor in the characterization of the barbarian. This represented an important shift from the cultural norms that had previously tended to prevail, even though the racial element had always been significant.[64] New racial taxono mies and classifications were elaborated, stimulated by the bloody wars of expansion that the Chinese fought in the west, which had brought them into contact with peoples very different from themselves who, throughout much of the second half of the nineteenth century, they struggled to subdue, with only partial success.[65] But it was the increasing presence and power of Europeans following the Opium Wars, and the growing crisis of the Qing dynasty that this provoked, which was to prove the rudest shock of all and produce the biggest change in Chinese attitudes, not just amongst the elite,

but also at a popular level. From the 1890s, the cultural racism of ancient China was articulated into a new and popular racist philosophy by a rising class of academics and writers, who were influenced by the racial theories and social Darwinism prevalent in the West at the time. Racism now became an integral part of popular thinking, articulated in a whole range of widely circulated publications, especially amongst the urban population of the treaty ports. The new racial discourse covered every aspect of physical difference, from skin colour and hair to height, size of nose, eye colour, size of feet and body odour: no racial stone was left unturned, each physical detail explored for its alleged wider mental and cultural significance. Barbarians had routinely been described as ‘devils’ since earlier in the century, but now they were distinguished according to their skin colour, with Caucasians referred to as ‘white devils’ (*baigui*) and those of darker skin as ‘black devils’ (*heigui*), terms that are still in common usage. Not all devils were regarded in the same way, however: white devils were perceived as ‘rulers’ and black devils as ‘slaves’.[66] The literature of the treaty ports was filled with contempt for those from Africa and India.

During this period, which coincided with the growing popularity of the term ‘Han’, the Chinese began to describe themselves as yellow rather than white, in an effort to distinguish themselves from Europeans on the one hand and those of darker skin on the other. As China sought to resist the growing European threat, the world was seen in social-Darwinist terms of the survival of the fittest, with those of darker skin perceived as having failed and thereby being condemned to inevitable oblivion, and the yellow races, headed by the Chinese, being engaged in a desperate battle for survival against the dominant white race.[67] Yellow enjoyed a strongly positive connotation in the Chinese world, given its association with the Yellow River and the Yellow Emperor. In 1925 the poet Wen Yudio, who spent some time in the United States, wrote a poem entitled ‘I am Chinese’, which captures the swelling sense of racially inspired Chinese nationalism, heightened in this case by his experiences in the West:

> I am Chinese, I am Chinese,
> I am the divine blood of the Yellow Emperor,
> I came from the highest place in the world,
> Pamir is my ancestral home,
> My race is like the Yellow River,
> We flow down the Kunlun mountain slope,

We flow across the Asian continent,
From us have flown exquisite customs,
Mighty nation! Mighty nation![68]

The pervasiveness of racialized ways of thinking is underlined by Frank Dikötter, who chronicles countless examples, adding:

It would be wrong to assume that these clichés have been gathered . . . simply by sieving printed material through a filter that retains racial utterances. A dredger would be needed to gather up all the racial clichés, stereotypes and images which abounded in China [as well as the West] between the wars. These clichés were the most salient feature of a racial discourse that was pervasive and highly influential; moreover it was rarely challenged. They were adopted and perpetuated by large sections of the intelligentsia. [69]

While this racism was clearly a product of imperial China's worsening predicament, an expression of a crisis of identity and a desire for affirmation and certainty, it was also a function of the cultural racism that had been such a strong feature of the Celestial Kingdom over a period of almost three millennia. The rigour of the racial hierarchies that now became endemic bore a striking resemblance to the cultural hierarchy of the Confucian social order - an illustration of the complex interplay between cultural and racial forms of superiority in Chinese society.

This racialized thinking heavily influenced the nationalists, led by Sun Yat-sen, who overthrew the Qing dynasty in the 1911 Revolution. Sun saw the Chinese as a single race and believed in the inevitable confrontation of the yellow and white races:

Mankind is divided into five races. The yellow and white races are relatively strong and intelligent. Because the other races are feeble and stupid, they are being exterminated by the white race. Only the yellow race competes with the white race. This is so-called evolution . . . among the contemporary races that could be called superior, there are only the yellow and white races. China belongs to the yellow races.[70]

Elsewhere he wrote: ‘The greatest force is common blood. The Chinese belong to the yellow race because they come from the bloodstock of the yellow race. The blood of ancestors is transmitted by heredity down through the race, making blood kinship a powerful force.’[71] Initially, he dismissed the Tibetans, Mongolians, Manchus and others as numerically insignificant: he was a Han nationalist who saw the Chinese exclusively in terms of the Han, and therefore as a nation-race. But after the Revolution he was confronted with the reality of inheriting a Qing China in which, though their numbers might have been small, the ethnic minorities occupied over half the territory of China. If China was defined only in terms of the Han, then the government would be confronted with the prospect of ethnic rebellion and demands for independence - which, in the event, is what happened. In the face of this, Sun Yat-sen’s nationalist government backtracked and redefined China in terms of one race and five nationalities, namely the Han, Manchus, Mongols, Tibetans and Hui: in other words, China was recognized as a multinational state, though still composed of one race, all sharing the same Chinese origins. Chiang Kai-shek continued with the general lines of this approach, but took a strongly assimilationist line, suppressing the ethnic minorities in the belief that they should be forced to adopt Han customs and practices as speedily as possible.[72]

The 1949 Revolution heralded a major shift in policy. The racist discourse which had been rife since the late nineteenth century was now officially abolished and Han nationalism firmly discouraged. China was described as a unitary multi-ethnic state, although the government, after briefly offering ethnic minorities (described as nationalities) the right of self-determination, rapidly withdrew this offer.[73] Instead they encouraged ethnic minorities to apply for official recognition of their ethnic identity status, with fifty-six eventually being accepted (including the Han). They were extremely diverse in nature: some had a very powerful sense of ethnic identity, combined with separatist aspirations (the Uighurs and Tibetans), some had a strong and continuing sense of ethnic identity but no separatist ambitions (for example, the Yi),[74] some had an extremely weak sense of ethnic identity (such as the Miao, Zhuang and the Manchus),[75] while others, hangovers from a distant past before their more or less total assimilation by the Han, barely existed except as a bureaucratic entry (for example, the Bai

and the Tujia).[76] This last category, in fact, encapsulates mainstream Chinese history, with the slow but remorseless process of Hanification. Those ethnic minorities with the strongest identity were granted a measure of autonomy with the establishment of five autonomous regions (known as the Inner Mongolian, Xinjiang Uighur, Guangxi Zhuang, Ningxia Hui and Tibet Autonomous Regions), enjoying limited powers of their own, including the right of the minority to appoint the chief minister; it was never intended, however, as a means by which ethnic minorities could exercise some form of autonomous rule.[77] There are three ethnic groups that, over the last century, have sustained strong separatist movements, namely, the Mongols, Tibetans and Uighurs in Xingjiang province. The Tibetans enjoyed considerable autonomy until the Chinese occupation in 1951, while Xinjiang, which means 'new territory', saw brief independence as East Turkestan, or Uighurstan, in 1933. Each enjoys the status of an autonomous region, though in practice that autonomy is attenuated. In the Mongolian Autonomous Region there are four times as many Han as Mongols, thereby rendering the latter relatively impotent: indeed, the homelands of China's old conquerors, the Mongols and the Manchus, are both now overwhelmingly Han. In the Tibet Autonomous Region, the Han are still outnumbered by Tibetans, while in Xingjiang, which is China's leading producer of oil and gas, they now account for at least 40 per cent and perhaps more than half, compared with 6 per cent in a 1950s census.[78] Each of these regions thus has been subject to the classic and oft-repeated process of Han settlement, which has changed, and is continuing slowly but surely to change, their ethnic balance. Not surprisingly, relations between the Han and the Tibetans, and the Han and Uighurs, who are mainly Muslims and speak a Turkic language, remain suspicious and distant.[79]

By curbing Han chauvinism, eschewing the claim that the Han represent the core of China and granting the ethnic minorities full legal equality,[80] the Communist government has avoided the worst assimilationist excesses of the Nationalist period. Under Mao, the language of race was replaced by that of class. However, the underlying attitudes of the Han have remained little changed. There is an ingrained prejudice amongst great swathes of the Han Chinese, including the highly educated, towards the ethnic minorities. According to Stevan Harrell, a writer on China's ethnic minorities, there is 'an innate, almost visceral Han sense of superiority'.[81] He quotes the example of a Han official who had worked on a government forestry project

in the middle of a Yi area and who, despite living there for twenty years, had never tried Yi food on the grounds that it was dirty and would make him sick. Far from the ethnic minorities being seen as equals, they are regarded as inferior because they are less modern. There is an underlying belief that they have to be raised up to the level of the Han, whose culture is considered as a model for the minorities to follow and emulate.[82] Their cultures are recognized at a superficial level, for example in terms of traditional dress and dance, but not treated as the equal of the Han in more substantive matters. In essence, this is not so different from the kind of Confucian ethnically infused cultural hubris that informed the imperial era. Although racialized ways of thought became less explicit after the 1949 Revolution, they never disappeared, remaining an integral, if subterranean, part of the Chinese common sense; and, since the beginning of the reform period, they have been on the rise in both popular culture and official circles.[83]

TIBET

Xingjiang and Tibet provide the best insight into Chinese attitudes towards difference, with over half the population Uighur or Tibetan respectively, and in both instances ethnically and racially very different from the Han. The anti-Han riots by Tibetans in Lhasa, and in neighbouring provinces to Tibet, in March 2008 were the worst seen for many decades and a powerful reminder of the simmering tensions that exist between Tibetans and Han. There were over 120 separate protests in the various Tibetan areas, the great majority non-violent.

Tibet was originally brought under loose Chinese influence by the Qing dynasty in the early decades of the eighteenth century, but its rule grew weaker until towards the end of the century the Qing intervened again and established a form of tributary rule. In the nineteenth century Chinese influence slowly waned until the Qing eventually reasserted control in 1910. Tibet enjoyed considerable autonomy in the decades after the 1911 Revolution, when China was in a state of division. Following the Chinese invasion in 1950 a new agreement was reached, but the promised autonomy

never mat erialized and the resulting tension culminated in a major uprising in 1959 which was crushed by China, with the Dalai Lama, together with some 80,000 Tibetans, going into exile. Most countries now recognize Chinese sovereignty over Tibet, including the UK as of October 2008. The Dalai Lama, who accepts Chinese sovereignty, claims a much larger territory as Tibet than is presently contained within the Tibet Autonomous Region: the TAR is an administrative rather than ethnic region, with around half of Tibetans living in neighbouring provinces, as well as in India and Nepal.

Map 10. Tibet

The Chinese strategy towards Tibet has comprised a range of different approaches. It has pursued a strategy of repression and forced assimilation, which has included refusing to recognize the Dalai Lama, restricting the role of Buddhist priests, and forbidding Tibetan students and government workers from visiting monasteries or participating in religious ceremonies.

The six-year-old boy who was named Panchen Lama, the second holiest figure in Tibetan Buddhism, by the Dalai Lama in 1995 was apprehended by the Chinese authorities and has not been seen or heard of since, the Chinese instead nominating a different boy. In addition, China has encouraged large-scale Han migration to Tibet in an effort to alter the ethnic balance of the population and thereby weaken the position of the Tibetans, who for the most part live in the rural areas and in segregated urban ghettos, whereas the Han, who comprise over half the population of Lhasa, are concentrated in the urban areas. Given the rapid pace of Han migration, encouraged by the new direct rail link between Beijing and Lhasa, it is possible that the proportion of Han in the TAR could rise rapidly in the future. In what appears to have been a typical case of divide and rule, China chose to dismember the Tibetan population by putting heavily Tibetan areas under non-Tibetan jurisdiction in the neighbouring provinces of Sichuan, Qinghai and Gansu. On the other hand, China has made a major effort to generate economic growth and raise living standards in the belief that this would help win the acquiescence of Tibetans, with Tibet being heavily subsidized by Beijing. Since 1950 Tibetan living standards and life expectancy have been transformed, with economic growth averaging 12 per cent over the last seven years and incomes rising by more than 10 per cent over the last six years. The Tibetans are widely viewed by the Chinese as a backward and primitive people who should be grateful for the fact that the Chinese are seeking to bring them civilization and development. [84] This is eloquently illustrated by the Confucian-like pronouncement of Zhang Qingli, Communist Party secretary of the TAR, that: ‘The Communist Party is like the parent to the Tibetan people, and it is always considerate about what the children need . . . the central party committee is the real Buddha for Tibetans.’[85]

The riots of 10 March 2008, which took place on the anniversary of the failed uprising in 1959 and were by far the worst since that occasion, show that this strategy has singularly failed. Tibetan rioters attacked Han shops and businesses in the old Tibetan quarter of Lhasa, setting them alight and killing many Chinese. The protests continued for five days, with around 100 Tibetan and Chinese deaths. The government blamed the riots on a conspiracy led by the Dalai Lama, accusing him, in traditional Chinese racial terms, of being a ‘wolf in monk’s robes’, ‘a wolf with a human face and heart of a beast’, ‘a jackal wrapped in a habit’ and the ‘scum of

Buddhism'.[86] The prime minister Wen Jiabao asserted that the protests were 'organized, premeditated, masterminded and incited by the Dalai clique'.[87] The two biggest Tibetan grievances concern their lack of cultural and religious freedom, and Han migration. They believe that they are systematically being turned into a minority in their own homeland and deeply resent their lack of cultural and religious freedom. The Tibetans see the Han population as having been by far the biggest beneficiaries of the economic prosperity: the Han live in the urban areas where economic change has been concentrated, run most of the businesses and shops, and dominate positions of power and privilege in the administrative apparatus. Relations between the Chinese and Tibetans are characterized by disdain, distrust and resentment, 'by stereotyping and prejudice and, among Tibetans, by deep feelings of subjugation, repression and fear'.[88] 'Our government has wasted our money in helping those white-eyed wolves,' commented Wang Zhongyong, a Han manager of a Lhasa handicraft shop that was destroyed in the riots. 'The relationship between Han and Tibetan is irreconcilable,' said Yuan Qinghai, a Lhasa taxi driver. 'We don't have a good impression of them, as they are lazy and they hate us, for, as they say, taking away what belongs to them. In their mind showering once or twice in their life is sacred, but to Han it is filthy and unacceptable.'[89]

The rioting, destruction and burning of Han property, and resulting Han deaths, which were shown repeatedly on Chinese television, led to a wave of anger and indignation across China. The consequence was to stoke up further Han resentment against the Tibetans and potentially lay the basis for more draconian measures, although the government, concerned about the effect the riots might have on international opinion in the build-up to the Olympics, agreed to reopen talks with representatives of the Dalai Lama. It is inconceivable that Tibet will ever be granted independence - which is not a demand of the Dalai Lama in any case - given China's attitude towards its unity and the strategic importance of Tibet. In fact, it is not difficult to sketch out the terms of a potential settlement: the Dalai Lama would renounce his vast territorial claims to Greater Tibet, which are spurious in any event, and refrain from continuing his Western-orientated anti-Chinese campaign, while the Chinese would allow the Dalai Lama to return to Lhasa as spiritual leader, grant limited self-rule and genuine religious and cultural autonomy, while restricting Han migration. There is a precedent for such an approach: Hu Yaobang, the former secretary of the Communist Party,

visited Tibet in 1980 and apologized for the behaviour of the previous thirty years, promising more autonomy and less direct Chinese rule in Tibet, although nothing materialized.[90] In practice, the kind of settlement outlined would mark a huge change not just in the policy of the Communist government but more importantly in age-old Han attitudes towards ethnic minorities.

DENIAL AND REALITY

Claims that racism is common in Chinese societies are invariably greeted with a somewhat indignant denial, as if it was a slur against the Chinese.[91] In a very interesting - and rather unusual - exchange between Chinese-Malaysians on a Malaysian website, which was initiated by a writer who attacked Chinese racism, one participant wrote: '[the claim] that racism had been an element in China's 5,000 years civilization is intellectually ignorant and by selling such unfounded statements to the non-Chinese and to Chinese friends who read no classical Chinese, it is dangerous.' Another wrote: 'The Chinese have been persecuted and been victims of racism the world over. We certainly don't need our own kind to accuse us of racism.'[92]

The standard view amongst most Chinese, indeed, is that they are not racist, that racism is essentially what happens to the Chinese in Western societies, and that Chinese societies are more or less unaffected by it.[93] To cite one example of many, in 1988 the then general secretary of the Communist Party, Zhao Ziyang, told a meeting on national unity that racial discrimination is common 'everywhere in the world except in China'.[94]

The pervasiveness of racism applies not only to China but also to Taiwan,[95] Singapore, Hong Kong and even the overseas Chinese communities. Thus it is not simply a function of parochialism, of China's limited contact with the outside world. Take Hong Kong, for example, which, in contrast to China, has enjoyed a highly cosmopolitan history as a result of colonialism. Although in 2001 the then chief executive Tung Chee-hwa typically described racism as a minor problem, requiring no more than an extremely low-budget, low-profile educational campaign, in fact, it is endemic amongst the Hong Kong Chinese, who comprise around 96 per cent of the

population.[96] In a survey of South-East Asians, South Asians and Africans in Hong Kong conducted by the Society of Community Organizations in 2001, around one-third said they had been turned down for a job on the basis of their ethnicity, a similar proportion had been refused rental of a flat, one-third reported that the police discriminated against them on the streets, while nearly half had experienced racial discrimination in hospital.[97] The most common targets are foreign ‘helpers’, usually known as ‘maids’, mainly Filipinas and Indonesians, who are frequently required by their Chinese domestic employers to work absurdly long hours, are treated abysmally, paid little, granted scant freedom, and, in a significant minority of cases, subjected to physical and sexual abuse. Their conditions not infrequently resemble a latter-day form of indentured labour, as is also true in Singapore and Malaysia.[98]

It might reasonably be argued that Hong Kong Chinese racism is a legacy of British rule. After they took possession of the colony following the First Opium War, the British practised systemic racism: English was the sole official language until 1974, the Chinese were prohibited from living in the exclusive Peak area from 1902, there was a miscellany of petty apartheid laws - such as the requirement, until 1897, that Chinese carry night passes - and they were excluded from high-level public employment until as late as the 1970s and, in some departments, until the mid 1990s.[99] With a truly breathtaking disregard for the truth, in 1994 the British had the gall to claim that ‘racial discrimination in Hong Kong is not a problem’.[100] The fact that racism was the currency of British rule only encouraged the Chinese to behave in a similar way towards those whom they regarded to be their inferiors, namely those of darker skin. It would be naive, however, to think that British behaviour was the main cause of Chinese racism: it was clearly a contributory factor, but the fundamental reason lies in Chinese history and culture. After a major campaign in response to the death, in 2000, of Harinder Veriah, a Malaysian of Indian descent, who complained about serious racial discrimination in a Hong Kong hospital, the government was finally forced to acknowledge that racism was a serious problem and in 2008, mainly as a result of this case, belatedly introduced anti-racist legislation for the first time.[101] But Hong Kong, cosmopolitan and international as it is, remains an essentially biracial city, with whites enjoying a privileged status, along with the Chinese, and those of darker

skin banished to the margins as second-class residents or migrant workers.[102]

So what of racism in China itself? When a people and government are in denial of their own racism, then evidence of that racism depends on the witness of those who are the object of it and, as a consequence, predominantly on anecdote rather than anything more systematic. Once there is an established culture of anti-racism - as opposed to simply a culture of racism, which is the situation in China, Taiwan and Hong Kong - it becomes possible to paint a more accurate picture of the incidence of racism, though even then the great bulk of it still remains hidden from view. In Chinese societies, and China in particular, there is no culture of anti-racism except at the very margins because the dominant discourse of Han chauvinism has never been seriously challenged.[103] Racist attitudes are seen as normal and acceptable rather than abnormal and objectionable. As M. Dujon Johnson, a black American scholar of China, puts it:

In Chinese society one of the reasons that the issue of race and racism is rarely discussed openly . . . is because racism is universally accepted and justified . . . Racism is . . . an issue that is not addressed among Chinese because most Chinese see themselves as superior to darker-skinned people. Therefore, within the Chinese mindset it would be a waste of time to address an obvious fact of darker-skinned people's inferiority.[104]

In the Chinese perception there is a clear racial hierarchy. White people are respected, placed on something of a pedestal and treated with considerable deference by the Chinese; in contrast, darker skin is disapproved of and deplored, the darker the skin the more pejorative the reaction.[105] People from other East Asian countries, traditionally regarded as inferior, are not immune. A Filipina friend studying at Beijing University was shocked by the level of discrimination she experienced. Unlike her white colleagues, who were treated with respect, she often found herself ignored in restaurants, with waiters refusing to serve her. Local Chinese would audibly refer to her as 'stupid' or 'ignorant'. One day she was refused entry on to a bus by the conductor in a manner that suggested that she was afflicted with a disease that the other passengers might catch; after such public humiliation she avoided travelling by bus. Dujon Johnson, who

conducted a survey of the experience of black Americans and Africans in China and Taiwan based on interviews with them, describes how people frequently moved seats when a black person sat next to them on public transport, or proceeded to rub that part of their body that a black person had innocently brushed against in a crowded place as if it required cleansing. Most depressingly of all, African interviewees indicated that they tried to avoid contact with the Chinese public as much as possible and 'normally venture out only when it is necessary'.[106]

There has been a long history of discrimination against African students in China. Emmanuel Hevi, a Ghanaian who studied there in the early sixties, wrote: 'In all their dealings with us the Chinese behaved as if they were dealing with people from whom normal intelligence could not be expected.'[107] In December 1988, after an incident between Chinese and African students at Heihai University in Nanjing, there was a march of over 3,000 Chinese students to protest against the presence of African students, with demonstrations subsequently spreading to Shanghai, Beijing and elsewhere.[108] On some of these marches, the climate was so hostile towards African students that a number of universities decided to move them out of their dormitories because of a perceived threat to their physical safety. No attempt was made by the authorities to halt or prevent the demonstrations, which went on for many days, suggesting that they perhaps enjoyed a certain measure of tacit official sympathy.[109] At Wuhan Industrial College, students marched demanding that 'all blacks be removed from China'.[110] According to Dujon Johnson, the race riots and demonstrations in 1988 were by no means unique: similar events occurred in Shanghai in 1979 and 1980, in Nanjing in 1979, 1980, 1988 and 1989, and in Beijing in 1982, 1983, 1984, 1985, 1987, 1988 and 1989.[111] In September 2007 there was a report that a group of at least twenty black men, including students, tourists and the son of a Caribbean diplomat, had been arrested by a team of police in black jumpsuits in a Beijing night-club and severely beaten. A white American witness reported that: 'He had never seen anything so brutal. There was blood on the streets. They were basically beating up any black person they could find.'[112] It should be borne in mind that a black face remains an extremely rare sight in China: in 2006, there were reported to be 600 Africans in Beijing, 500 in Shanghai, 100 in Shenzhen, and over 10,000 in Guangzhou (with a population of 12 million), mainly as a result

of the growing trade with Africa.[113] No doubt this lack of familiarity with black people may partly explain the Chinese sense of suspicion and mistrust, but it cannot be the main explanation for the deep-seated racism. Dujon Johnson's account of the black experience in China avoids recounting his own experiences except at the very end when he writes, '[my experiences] demonstrated to me on a daily basis how life in Chinese society is racially segregated and in many aspects similar to a system of racial apartheid.'[114]

In response to the visit of Condoleezza Rice, the US secretary of state, to Beijing in 2005, there was a flurry of racist postings on the various nationalist websites. The veteran Chinese writer Liu Xiaobo was moved to write in protest:

I have browsed China's three biggest portals' BBS articles [blogs] about Rice's six-nation visit . . . Just take Sina as an example. I examined over 800 BBS articles . . . excluding repetitions, there were over 600 articles. Among them, there were nearly 70 articles with racial discrimination, one-tenth of the total . . . There were only two with a gentle tone, the rest were all extremely disgusting. Many stigmatized Rice as 'really ugly' . . . 'the ugliest in the world' . . . 'I really can't understand how mankind gave birth to a woman like Rice' . . . Some directly called Rice a 'black ghost', a 'black pig' . . . 'a witch' . . . 'rubbish of Humans' . . . Some lament: Americans' IQ is low - how can they make a 'black bitch' Secretary of State . . . Some, of course, did not forget to stigmatize Rice with animal [names]: 'chimpanzee', 'bird-like', 'crocodile', 'a piece of rotten meat, mouse shit, [something] dogs will find hard to eat'.[115]

Eventually, the Chinese government felt impelled to shut down these blogs and some of the sites.[116]

The rising tide of popular nationalism in the late nineties, as evinced by the various *The China That Can Say No* books, the student response to the US bombing of China's Belgrade embassy, and the nationalist outpourings on leading websites, also contained a significant racial dimension.[117] One of the most influential nationalist writers has been Wang Xiaodong, who co-authored *China's Path under the Shadow of Globalization*, published in 1999, which became a bestseller. Wang argued that the rise of Chinese nationalism represented a healthy return to normality after the abnormal

phenomenon of what he describes as ‘reverse racism’ in the eighties[118] - ‘the thinking that Chinese culture is inferior and the Chinese people an inferior race’[119] - when, according to him, many Chinese intellectuals looked to the United States for inspiration and denigrated their own culture. Bizarrely, Wang argues that such reverse racism ‘is not very different from Hitler’s racism’, a remark which suggests that his own view of what constitutes racism is highly idiosyncratic and betrays little understanding of Nazism.[120]

Wang argued, in an article published after the embassy bombing in 1999, that conflict between China and the United States was inevitable because it would be racially motivated: in the eyes of the Americans and West Europeans, ‘oriental’ people are inferior, and he predicted that the ‘race issue will become even more sensitive as biological sciences develop’.

the United States might manufacture genetic weapons that would successfully deal with those radicals who are racially different from Americans and who commit acts of terrorism against the United States. Because it is genetically much easier to differentiate Chinese from Americans than to differentiate Serbians from Americans, genetic weapons targeting the Chinese most likely would be the first to be made.[121]

In similar vein, Ding Xueliang, a Hong Kong-based Chinese scholar, has argued that racial and cultural differences between the United States and China, together with their different political systems and national capacities, would mean that the United States would see China as its major enemy.[122] Such examples are a powerful reminder that race remains a persistently influential factor in Chinese thinking and underpins much nationalist sentiment.

OVERSEAS CHINESE

The overseas Chinese have suffered from widespread racism in their adopted countries, including the United States, Australia and Europe, and

are rightly very sensitive about the fact. A notable characteristic of the overseas Chinese is the extent to which they tend to keep to themselves as a community. Notwithstanding the serious racism that they have historically experienced in the United States, they did not join with black Americans in the major civil rights campaigns. [123] The most important and largest Chinese communities are in South- East Asia, where they often constitute sizeable minorities - most notably Malaysia, where they account for over a quarter of the population. Historically the overseas Chinese in South-East Asia have suffered various forms of discrimination and this has been a continuing problem since these countries acquired independence following the Second World War. It is important, however, to see the wider context. The Chinese in this region invariably control a large proportion of the non-state economy, often more than half, and enjoy on average a rather higher standard of living than the indigenous ethnic majority. It is common for them to look down on the majority race, and even avoid mixing with them more than is necessary, although many in my experience do not share such prejudices. There are, thus, two sides to the coin: the Chinese, as a minority, experience various forms of discrimination, but at the same time regard themselves as superior to the indigenous majority, hold chauvinistic attitudes towards them, and use their economic power to favour their own and discriminate against the ethnic majority.[124] Indonesian-Chinese writer and successful businessman Richard Oh described the attitude of the Chinese towards Indonesians: ‘The Chinese community tends to recoil from society and makes very little effort to integrate. Although frightened, they are very arrogant and haughty. Where do they get this feeling of being a superior race?’[125] He volunteered that he preferred the company of Indonesians for this reason.

Such is their sense of Chinese being the norm, and every other race being a deviation from that norm, that the overseas Chinese frequently refer to the host population as foreigners. The British author and journalist James Kynge cites a fascinating example of a Chinese community newspaper in Prato in northern Italy, which ran a front-page story about ‘three foreign thieves’ responsible for various burglaries in the local Chinatown. When Kynge rang the editor he discovered that not only were the ‘foreign thieves’ actually Italian, but that anyone who was not Chinese was automatically regarded as a foreigner, and that the same convention was used in all Chinese-language papers around the world.[126] Lucian Pye explains: ‘The

Chinese see such an absolute difference between themselves and others that even when living in lonely isolation in distant countries they unconsciously find it natural and appropriate to refer to those in whose homeland they are living as “foreigners”.’[127]

A particularly striking feature of overseas Chinese communities is the extent to which, wherever they are living, they seek to retain their sense of Chineseness. In many South-East Asian countries, Chinese often prefer to send their children to a Chinese rather than a local school, with the Chinese community often sponsoring a large number of such schools. In many Western countries, where their relative numbers are much smaller, the Chinese community organizes Chinese Sunday schools at which their children can become conversant in Mandarin and familiar with Chinese culture. In San Francisco, which has a large Chinese population, there is an extensive ‘Roots’ project, where Chinese-Americans visit their ancestral villages in China in order to find out about and hopefully meet their distant relatives.[128] One of the participants in 1997, Evan Leong, then a student at the University of California, writes fascinatingly about his experiences and feelings.

Even though my great-great-great-grandfather came to the United States more than 125 years ago, I have not homogenized to become an ‘American’. No matter what people call me, what clothes I wear, what food I eat, what my tastes are, what race my friends are, or what girls I date, I still know that I am Chinese.[129]

He writes:

The general sentiment among both groups [US-born Chinese and those newly arrived from China] was shared - that China and Chinese people were far superior to any other race.[130]

The newly arrived enjoyed greater kudos than those born in the US because they were seen as more authentically Chinese, the opposite to what often happens with migrants from the developing world in the developed world. He also describes his family’s attachment to Chinese customs:

Even though I am so distant and different from my blood relatives in China, my American ancestors have continued to practice many Chinese customs. Our extended families gather together often for holidays and birthdays. We clean and prepare our houses and wear new clothes for Chinese New Year rituals. We pay our respects to my grandfather's grave . . . during Ching Ming and other important dates.[131]

The cohesive ties of Chinese identity have found expression in the notion of Greater China, a cultural and civilizational idea rather than a territorial or political entity.[132] Greater China is seen as embracing all Chinese, with China at the centre, circled by Hong Kong, Macao, Taiwan and Singapore, together with the numerous Chinese communities around the world, and has become an increasingly popular concept amongst Chinese over the last quarter century. The strength of these bonds is rooted in a shared inheritance of Chinese civilization, thereby adding a further dimension to the notion of China as a civilization-state. Despite the legacy of political differences, the overseas Chinese, especially those in Hong Kong and Taiwan, have made a formidable contribution to Chinese economic growth through huge investments in the mainland.[133] In contrast, Russian émigrés chose to shun the Soviet Union, and the Indian diaspora has historically made a much less significant contribution to Indian growth than its Chinese counterpart. Strong centripetal forces operate in Greater China, as within China itself, with the Chinese, wherever they are, feeling a powerful sense of attachment to the homeland.

This found a new form of expression during the torch relay that was staged around the world as part of the build-up to the Beijing Olympics. In London, Paris, Athens and San Francisco, the celebrations were overshadowed by counter-demonstrations in protest at Chinese policy over Tibet. But elsewhere the picture was very different. In Canberra 10,000 demonstrated in favour of the Games, hugely outnumbering the protesters. In Seoul, thousands turned out in support of the Olympics, as they did in Nagano in Japan, in both cases dwarfing the number of protesters; likewise in Kuala Lumpur, Jakarta, Bangkok, Ho Chi Minh City and Hong Kong. Everywhere those demonstrating their support for the Beijing Games were overwhelmingly Chinese, either students from the mainland or people from the local Chinese community.[134]

Not surprisingly, the overseas Chinese feel enormous pride in China's rise. After two centuries during which their homeland was synonymous with poverty and failure, China has risen to a position of great global prominence and allure in a remarkably short space of time. Television channels the world over are pouring out programmes about China and in many countries people are signing up in large numbers to learn Mandarin. The gravitational pull exercised by China on its overseas communities has increased markedly as a result. My son's Sunday Mandarin School decided to cancel lessons for the day in order to join the London festivities for the Olympic relay. For them China was coming home and being embraced by their adopted city. There was real delight in China's achievement and the global recognition that the Olympics signified.

In taking to the streets in support of the Beijing Olympics in so many cities around the world and in such large numbers, the overseas Chinese proved a powerful political force in their adopted countries, as well as for the Chinese government. This kind of phenomenon, of course, is neither new nor particularly Chinese: diasporas in many countries have long played a significant role in support of their homeland, the most potent post-war example being that provided by the Jewish diaspora for Israel. The Chinese diaspora, however, has several characteristics which together mark it out as somewhat distinct. It is numerically large and spread all around the globe, from Africa to Europe, East Asia to the Americas; for historical and cultural reasons, it enjoys an unusually strong identification with the Middle Kingdom; and China is already a global power, and destined to become the most powerful country in the world. As its rise continues and Chinese worldwide interests grow, the Chinese diaspora is likely to greatly expand, become increasingly prosperous, buoyed by China's own economic success, enjoy enhanced prestige as a result of China's rising status, and feel an even closer affinity with China.

CHINA AND DIFFERENCE

China will, like other great powers, see the world in terms of its own history and values, and seek to shape the world in accordance with them. The

world, however, contains great diversity and difference. No country, not even one as large as China, can even vaguely be regarded as a microcosm of it. The attitude of China towards difference - the diverse cultures, histories, ethnicities, races and values embodied by other peoples - is therefore of great consequence. How will the Chinese treat people who are different from them? To what extent will a rising China respect them and seek to understand them? Will its own history allow an outlook that enables it to appreciate the very different experiences of others? These are difficult questions to answer, firstly because China has spent virtually all of its history isolated from the rest of the world - excepting its regional neighbours - and secondly because the answers obviously still lie in the future: China's present behaviour can only be regarded as a partial indicator, simply because its power and influence remain limited compared with what they are likely to become. From the foregoing discussion, there are a number of elements that should be considered.

China's own experience of race is unique. Although once comprised of countless races, China is now dominated by what the Chinese regard to be one race, the Han Chinese, with the other races - described as 'nationalities' - accounting for less than 9 per cent of the population (though this is still 105 million people).[135] 'The Chinese may have different origins,' argues Wang Xiaodong, 'but 95 per cent of them believe they are from the same race.'[136] This melding is a function of China's extraordinarily long and continuous history, the slow and long-drawn-out process by which the Han Chinese were created and came to represent and embody the overwhelming bulk of the population. The Chinese writer Huang Ping puts it like this: 'The process by which the Chinese [within China] became hegemonic was the process which also resulted in the subordination and dissolving of ethnic difference - the process of the formation of Chineseness.'[137] As a consequence, the Chinese tend to downplay or disregard ethnic difference, holding it to be largely transient. There is, as a result, a lack of recognition of other ethnicities, which are seen as subordinate, inferior, and not deserving of equal respect. The idea of overwhelming racial homogeneity, in the context of a huge population, makes the Chinese, in global terms, unique. As Jared Diamond points out, four of the world's other most populous countries - India, the United States, Brazil and Indonesia - are not only relatively recent creations but are also 'ethnic melting pots' comprising many races and languages; in contrast, China is neither recent

nor a melting pot.[138] Many Han Chinese, in contrast, believe that they are not only of one race, but that they share a common and distinct origin, and that, at least figuratively speaking, they are descended from the Yellow Emperor in northern China. The perception and the ideology are quite different from anywhere else in the world and inevitably pose the question as to the ability of the Chinese to understand and respect the very different formation and make-up of other countries. The world's other most populous countries, in particular India, the US, Brazil and Indonesia, recognize their diverse origins and the heterogeneity of their contemporary populations; indeed, in varying degrees, they celebrate their diversity. In China's case, there is a de facto coincidence of race and nation - except, relatively speaking, at the margins - which is simply not true of the other most populous countries.[139] In practice, though not formally, the Han Chinese think of themselves overwhelmingly as a nation-race.

China's own unique experience inevitably influences its perception of others. 'Because the Han Chinese see themselves as all the same,' argues Huang Ping, 'is also the reason why they see everyone else, for example Indians and Africans, in the same terms.'[140] China, in other words, faces a profound problem in trying to comprehend the nature of ethnic difference in the outside world. As we have seen, the problem is graphically illustrated by the attitude towards the Tibetans and Uighurs: the Han have pursued a policy of absorption, assimilation and settlement based on a belief in their own virtue and superiority rather than a respect for and acceptance of ethnic and cultural difference. Huang Ping argues:

China has a lot of learning to do, not least . . . learning who we are, where we came from and how it happened . . . People should not take it for granted that people are Chinese. This has been the result of a historically-constructed process. They take it as a given when it is not. We can do a bit of teaching [to the outside world], but only after we have done a lot of learning.[141]

Given how historically entrenched these attitudes are, however, any serious change is bound to take an extremely long time. In the meantime, China's ethnic mentality will inevitably exercise a powerful influence over its attitude and behaviour towards other peoples: the Chinese will tend to see the world in terms of a complex racial and cultural hierarchy, with the Chinese at the top, followed by whites, and, notwithstanding the anti-

imperialist line of the Maoist era, those of darker skin somewhere at or near the bottom.

Another notable feature of the Chinese is their enormous sense of self-confidence, born of their long history and the dazzling success of their civilization for so much of it, a self-confidence which has withstood quite remarkably the vicissitudes and disasters of the century between the Opium Wars and the 1949 Revolution. These, nonetheless, have left their mark. In a book entitled *The Ugly Chinaman*, which was widely circulated in China in 1986, Bo Yang, a Taiwan-Chinese, described the Chinese as constantly wavering between two extremes - 'a chronic feeling of inferiority and extreme arrogance. In his inferiority, a Chinese person is a slave; in his arrogance, he is a tyrant. In the inferiority mode, everyone else is better than he is . . . Similarly, in the arrogant mode, no other human being on earth is worth the time of day.'[142] This captures the way in which the 'century of humiliation' has affected the Chinese psyche, and the consequent brittleness of emotion. It would be wrong, however, to suggest, as Bo Yang does, that the Chinese have ever felt inferior to everyone: towards whites at times, but never towards those of darker skin. Nonetheless, what remain most striking are not the periods of doubt but, given the problems that have beset the country for most of the modern era, the fact that the Chinese have continued to regard themselves as being at the summit of the global hierarchy of race. True, in moments of vulnerability, the Chinese sometimes acknowledge that they are second to whites, or perhaps equal with them, but this is only regarded as a temporary situation before normality is again restored. Chen Kuan-Hsing argues:

This universal chauvinism . . . has provided a psychic mechanism for the Han to confront imperialist intervention and to make life more bearable and more live-able - 'These (white) foreign devils can beat us by material force, but can never conquer our mind' - . . . but at the same time, exactly the same logic of racist discrimination . . . can be utilized to discriminate against anyone living at the periphery of China. A sharp-edged shield can be used for self-defence, but can also be a weapon to kill . . .[143]

Another Taiwanese writer, Lu Liang, is unambiguous about underlying Chinese attitudes: 'Deep down the Chinese believe that they are superior to

Westerners and everyone else.'[144] No other people from a developing country possess anything like this sense of supreme self-confidence bordering on arrogance.

It would be wrong to regard this feeling of superiority as purely or perhaps even mainly racial in character. Rather it is a combination of both cultural and racial, and has been such for thousands of years.[145] The steady expansion of the Chinese empire rested firstly on a process of conquest and secondly on a slow process of absorption and assimilation. As we have seen, Chinese attitudes fluctuated between regarding other races as incapable of adaptation to Chinese ways, or alternatively believing they could be assimilated, depending on how self-confident the Chinese felt at the time and the precise balance of power. Expansion, in other words, was a hegemonic project, a desire to absorb other races, to civilize them, to teach them Chinese ways and to integrate them into the Chinese self. Given that the notion of 'Chinese' was constantly being redefined in the process of expansion and absorption - including the case of those dynasties, like the Qing, that were not Chinese - it is clear that the idea of 'race' was not - and could not be - static or frozen: it was steadily, if very slowly, mutating. Thus, while race is a particularistic and exclusionary concept in the present, this did not prevent the process of hegemonic absorption and assimilation in the long run.

The fact that the Chinese regard themselves as superior to the rest of the human race, and that this belief has a strong racial component, will confront the rest of the world with a serious problem. It is one thing to hold such attitudes when China is relatively poor and powerless, quite another for those attitudes to inform a country when it enjoys huge global power and influence. Of course, there is a clear parallel with European and Western attitudes, which have similarly been based on an abiding sense of superiority rooted in cultural and racial beliefs.[146] There are, though, two obvious differences: first, China's hubris has a much longer history and second, the Chinese represent one-fifth of the world's population, a far larger proportion than, for example, Britain or the United States at their zenith have ever constituted. Precisely how this sense of superiority will inform China's behaviour as a global superpower is a crucial question.

The Chinese believe that China's rightful place is as the world's leading power, and that the last two centuries represent a deviation from the historical norm. Every Chinese leader over the last century has regarded it

as their historic task to overcome the national humiliation represented by the colonial era and to restore China to its lost grandeur.[147] A nation like Germany may have felt a need to right past wrongs, but these grievances were invariably of relatively recent origin; uniquely, China's have lasted well over a century. The idea of China's restoration is rather succinctly expressed by Yan Xuetong, one of China's leading international relations experts:

The rise of China is granted by nature. The Chinese are very proud of their early achievements in the human history of civilization. In the last 2,000 years China has enjoyed superpower status several times, such as the Han dynasty, the Tang dynasty and the early Qing dynasty . . . This history of superpower status makes the Chinese people very proud of their country on the one hand, and on the other hand very sad about China's current international status. They believe China's decline is a historical mistake which they should correct. . . . The Chinese regard their rise as regaining China's lost international status rather than as obtaining something new.[148]

Or, as Lucian Pye puts it: 'The most pervasive underlying Chinese emotion is a profound, unquestioned, generally unshakeable identification with historical greatness. Merely to be Chinese is to be a part of the greatest phenomenon of history.'[149] The rise of China and its restoration as the number one nation in the world is widely regarded as a matter of historical inevitability.

The roots of China's sense of difference, superiority and greatness lie not in its recent past as a nation-state - indeed, its period as a nation-state largely overlaps, at least until very recently, with its historical ignominy and humiliation - but in its much longer history and existence as a civilization-state. There are two key elements to this. First, there is China's belief in its cultural superiority, which dates back at least two millennia and which underpinned the expansion of the Chinese empire. Second, there is the idea of China's racial superiority, which is closely linked to its cultural hubris and which anchors the latter in nature, that to be born Chinese, rather than as a 'for eigner', 'barbarian' or 'foreign devil', carries a special status and significance. Together they constitute what might be described as the Middle Kingdom mentality. The historically arresting fact is simply how

old these beliefs and convictions actually are. The obvious parallel is with Egyptian, Greek and Roman civilizations: but it is unimaginable that modern Egyptians, Greeks or Italians would believe that the efflorescence of their civilizations in ancient times would offer any guide or solace as to their present or future fortunes - yet that is precisely what the Chinese almost universally believe. This is not to suggest that the Chinese identity is fixed: on the contrary, the creation of a Chinese modernity is subjecting 'Chineseness' to a process of restless change, disorientation, reconstruction and turmoil.[150] That these belief systems date back to antiquity, however, suggests that they not only possess extraordinary historical stamina and resilience but that they are unlikely, in important respects, to change in the near future: rather, China's rise is likely to strengthen them.

The problem with Western commentary on China has been its overwhelming preoccupation with China's polity, in particular the lack of democracy and its Communist government, and, to a lesser extent, its potential military threat. In fact, the challenge posed by the rise of China is far more likely to be cultural in nature, as expressed in the Middle Kingdom mentality. Or, to put it another way, the most difficult question posed by the rise of China is not the absence of democracy but how it will handle difference. A country's attitude towards the rest of the world is largely determined by its history and culture. The power of each new hegemonic nation or continent is invariably expressed in novel ways: for Europe, the classic form was maritime expansion and colonial empires, for the United States it was airborne superiority and global economic hegemony. Chinese power, similarly, will take new and innovative forms. The Chinese tradition is very distinct from that of the West, even though there are certain affinities, notably a shared belief in universalism, a civilizing mission and a sense of inherent superiority. Although the Chinese steadily augmented their territory as a result of land-based expansion, there has been no equivalent of Western overseas expansion or the European colonization of large tracts of the world. The most likely motif of Chinese hegemony lies in the area of culture and race. The Chinese sense of cultural self-confidence and superiority, rooted in their long and rich history as a civilization-state, is utterly different from the United States, which has no such legacy to draw on, and contrasts with Europe too, if less strongly. The Chinese have a deeply hierarchical view of the world based on culture and race. As a consequence, the rise of China as a global superpower is likely to lead, over

a protracted period of time, to a profound cultural and racial reordering of the world in the Chinese image. As China draws countries and continents into its web, as is happening already with Africa, they will not simply be economic supplicants of a hugely powerful China but also occupy a position of cultural and ethnic inferiority in an increasingly influential Chinese-ordered global hierarchy.

9

China’s Own Backyard

In the early nineties books about China were relatively few and far between. The story was still, for the most part, the Asian tigers, and most Western writers seemed to park themselves in Hong Kong and Singapore and view China and the region through that prism. My first visits to the region followed a similar pattern: both island-states always seemed to be on my itinerary, partly because they provided a ready-made network of contacts and partly because English was widely spoken. Given this cultural baggage, it is not surprising that China was generally seen in derivative terms: it was all a question of when and to what extent China would become infected with the Hong Kong bug. When Hong Kong was finally returned to China in 1997, the British, self-congratulatory almost to a person, were deeply sceptical as to whether the territory would thrive in the way that it had under the British; predictably they believed that China’s future hung on the extent to which it became like Hong Kong. In this view, China’s prospects depended on learning from everyone else, with the recommended direction of wisdom invariably proceeding from the outside inwards rather than from within outwards. This contained a kernel of truth: the transformation of the region had, indeed, begun outside China. The role and importance of Hong Kong and Singapore in this wider process, however, is a moot point; far more significant were Japan, South Korea and Taiwan, all of which looked far less like, and owed much less to, the West than these micro-states.

In fact, this mindset was deeply patronizing towards China. It suggested that China was an empty vessel that needed filling up with Western ideas and know-how. Certainly China had much to learn from the West, but its subsequent transformation has been more home-grown than Western import. In fact, if China’s growth in the 1980s had relied heavily on the resources and knowledge of Hong Kong and Taiwanese entrepreneurs, by the nineties the direction of influence was in the process of being reversed,

with the Middle Kingdom once more becoming the centre of influence, power and wealth. A map of East Asia in the eighties might reasonably have had the lines of influence and capital running from a miscellany of Hong Kong, Taiwan and the overseas Chinese into China itself. Now it is the opposite. The hubs no longer lie around China's borders but are congregated within.

While Hong Kong is still recognizably Hong Kong, economically it has been remade by China, the size of its stock exchange now comfortably surpassed by Shanghai's. Who now would choose to go to Hong Kong when you can find the real thing in Beijing or Shanghai? For more than a decade Taiwan has needed China more than China has needed Taiwan, with its economy suffering increasingly from its relative isolation from China. Meanwhile the reversal of the lines of causation between China on one hand and Hong Kong and Taiwan on the other are being repeated on a far grander scale across the region. Everywhere the magnet is China. Where previously the story was outside China, now all roads lead to China. China's growth and dynamism are spilling over its borders, infecting countless other countries far and wide, from Laos and Cambodia[1] to South Korea and Japan, from Indonesia and Malaysia to the Philippines and even Australia. East Asia is being reconfigured by China's rise. The agenda of the region is being set in Beijing.

The rise of China is best seen not from the vantage point of the United States or Europe, or for that matter Africa or Latin America, but East Asia. It is in China's own backyard that the reverberations of its rise are already being felt most dramatically and in the most far-reaching ways. If we want to understand China's rise, and what it might mean for the world, then this should be our starting point. The way in which China handles its rise and exercises its growing power in the East Asian region will be a very important indicator of how it is likely to behave as a global power.[2]

It is difficult to achieve the status of a global power without first becoming the dominant power in one's own region. Britain is unusual in this respect: it acquired global hegemony in the nineteenth century even though it didn't succeed in achieving a decisive pre-eminence in Europe. In contrast, the United States, confronted with no serious rivals, achieved overwhelming dominance in the Americas prior to becoming a global superpower in the second half of the twentieth century. China faces a far

more formidable task in seeking to become the premier power in East Asia. The region accounts for one-third of the world's population and China has to contend with two rivals, namely Japan and the United States, which stand in the way of its ambitions. Japan is the most advanced as well as largest (as measured by GDP according to exchange rates) economy in the region, while the United States, by virtue of its military alliances, bases and especially naval presence, remains the most powerful military force in East Asia. Furthermore, China shares borders with Russia to its north and India to its south-west, both of which are powerful players. China's path to regional pre-eminence will be paved with difficulty and is bound to be a complicated process.

History, however, offers some succour for China's ambitions. Until the latter decades of the nineteenth century, China enjoyed overwhelming regional dominance: it was to the Middle Kingdom that all others, in varying degrees - depending on their distance from Beijing - paid homage, acknowledging their status as the Celestial Kingdom's inferior. It was a hierarchical system of relations whose tentacles stretched across much of East Asia, with China at its centre. In the tributary system, as it was known, non-Chinese rulers observed the appropriate forms and ceremonies in their contact with the Chinese emperor. Taken together, those practices constituted the tribute system. During the Qing period they included receiving a noble rank in the Qing hierarchy, dating their communications by the Qing calendar, presenting tribute memorials on statutory occasions together with a symbolic gift of local products, performing the kow-tow at the Qing court, receiving imperial gifts in return and being granted certain trading privileges and protection. [3] If a ruler recognized the superiority of Chinese civilization and paid tribute to the emperor, then the emperor generally pursued a policy of non-interference, leaving domestic matters to the local ruler. It was thus an essentially cultural and moral rather than administrative or economic system. The emperor exercised few coercive powers but maintained control for the most part symbolically. The fact that Chinese hegemony was exercised in such a light and relatively superficial way enabled it to be maintained over a huge and very diverse population for long periods of time. The tributary system was far from universal, but Korea, part of Japan, Vietnam and Myanmar all paid tributes to China, while a large number of South-East Asian states, including Malacca and Thailand, either paid tribute or acknowledged Chinese suzerainty. Those

countries that were closer to China in terms of geography and culture were considered to be more equal than those that were not. So, for example, China was considered the big brother, Korea a middle brother and Japan a younger brother.

Given the extent of the system, the diversity of the countries and cultures embraced, and the vast time-period involved, it would be wrong to conceive of the tributary system as uniform or monolithic. Varying from country to country and from dynasty to dynasty,[4] the Chinese world order might appropriately be described, in the Chinese historian William A. Callahan's words, as 'one civilization, many systems'.[5] Although they shared things in common, the tributary system worked very differently, for example, for Japan and Korea, with Japan enjoying much greater autonomy from China than Korea, and from time to time even rebelling against the tributary system. No doubt this partly explains why later Japan was able to display such remarkable independence of action in the aftermath of the Meiji Restoration, with its rejection of the Sinocentric world and its turn to the West.[6] Perhaps it also helps to explain South Korea's recent turn towards China. Notwithstanding these variations, however, the common thread running through the tributary system was an acceptance of China's cultural superiority. This was the reason why the acceding states voluntarily acquiesced in an arrangement which they regarded to be in their interests as well as the Middle Kingdom's.[7] The relative stability of the tributary system over such a long historical period was partly a function of its flexibility but, above all, because China was overwhelmingly dominant within it: inequality, in other words, served to promote order.[8] From the second half of the nineteenth century, with the growing power of the European nations and the decline of China, the European-conceived Westphalian system, together with its colonial subsystem, steadily replaced the tributary system as the organizing principle of interstate relations in the region, or, more accurately, perhaps, was superimposed upon the existing system.[9]

Given that it constituted the regional system in East Asia for more than 2,500 years, the tributary system remains deeply embedded in the historical memory of the region. Most countries in East Asia had some experience of it, often as recently as a century ago, and certainly not more than a century and a half ago. Even as it began to break down towards the end of the century, elements of the tributary system continued to survive until well

into the twentieth century. While it seems inconceivable that any future Chinese hegemony in East Asia could take the form of the old tributary system, it is certainly reasonable to entertain the idea that it could bear at least some of its traces. There is still an overwhelming assumption on the part of the Chinese that their natural position lies at the epicentre of East Asia, that their civilization has no equals in the region, and that their rightful position, as bestowed by history, will at some point be restored in the future. China still frequently refers to its Asian neighbours as 'periphery countries', suggesting that old ways of thinking have not changed as much as one might expect.[10] Former habits and attitudes have a strange way of reasserting themselves in new contexts. It would not be entirely surprising, therefore, if elements of the old tribute system were to find renewed expression as China once again emerges as the dominant centre of the East Asian economy.[11]

We are, thus, confronted with a number of intriguing questions. Will China regain its regional pre-eminence? How long is that likely to take? How might it be achieved? What might that regional pre-eminence look like, what forms will it take, and to what extent might it bear strong echoes of the past?

CHINA'S NEW TURN

At the beginning of the 1990s China, with the reform era already a decade old, still existed for the most part in a state of splendid isolation, a condition that it had inherited from the Maoist era. The suppression of the Tiananmen Square demonstration exacerbated this state of affairs, leading to China's estrangement by the West and its condemnation by Japan.[12] Throughout the nineties, China steadfastly refused to countenance being a party to any regional multilateral arrangements,[13] fearing that it would be obliged to play second-fiddle to Japan, aware that the United States was strongly opposed to regional organizations from which it was likely to be excluded[14] and, not least, still imbued with that traditional regional aloofness born of its pervasive sense of superiority. It was only in the early 1990s that China had established diplomatic relations with South Korea, Singapore,

Indonesia, Vietnam and Brunei.[15] By the end of the decade, however, China had determined on a very different strategy, one that it was to implement with breathtaking speed.

Already, in 1994, it had established the Shanghai Five with Russia, Kazakhstan, Kyrgyzstan and Tajikistan in response to the collapse of the Soviet Union in Central Asia and a desire to engage with Russia and foster co operation on its traditionally troublesome north-western border. It was not until 2001, however, with the formal establishment of the Shanghai Co-operation Organization (SCO), that this was to be translated into something more thorough-going, with a permanent office in Shanghai, the addition of Uzbekistan and the acquisition of new and more extensive functions.[16] The purpose of the SCO would appear to be threefold: to promote cooperation in Central Asia, to counter Islamic extremism and to resist American influence in the region. Over the subsequent years, India, Iran, Pakistan, Mongolia and Afghanistan have acquired observer status, while representatives are also invited from ASEAN and the CIS (composed of the former Soviet Republics). SCO's future is difficult to assess but it certainly represents a powerful bloc of Central Asian countries and, significantly, remains outside the aegis of American influence. The heart of China's new strategy, though, lay not to its north-west but to its south-east, a region towards which, in comparison, China had for centuries displayed for the most part benign neglect and traditional indifference. It is no exaggeration to suggest that the fulcrum of China's strategy in East Asia - certainly as it has evolved over the last decade - came to hinge on a volte-face in its attitude towards ASEAN, the organization of the ten nations of South-East Asia that was formed in 1967.[17]

How do we explain China's belated embrace of multilateralism? First and foremost, its dramatic economic growth after 1978 generated a growing sense of self-confidence and enabled the country to entertain new and more ambitious perspectives. Second, by the turn of the century China was on the verge of membership of the World Trade Organization, thereby marking its entry into the global international system and signalling its global acceptance of multilateralism. Third, China felt increasingly comfortable about its position in the region and confident that it would not be required to play the role of subordinate to Japan. Finally, as a consequence of the Asian financial crisis in 1997-8, which ravaged the economies of South-East Asia (and South Korea), China found itself thrown into an increasingly

close relationship with them. As they struggled to emerge from the effects of the crisis, now rudely aware - after a long period of spectacular economic growth - of their vulnerability to global volatility and bruised by the damaging effects of the US and IMF-imposed solutions to the crisis, the ASEA N countries began to see China in a new light.[18] From being a rival to be feared, its motives always the subject of suspicion, China increasingly came to be seen as a friend and partner, primarily because it refrained from devaluing the renminbi, a move which would have inflicted even further pain on their economies, together with its willingness to extend aid and interest-free loans during the crisis.[19] The Malaysian prime minister Mahathir Mohamad remarked in 1999: 'Chi na's performance in the Asian financial crisis has been laudable, and the countries in this region . . . greatly appreciated China's decision not to devalue the yuan [renminbi]. China's cooperation and high sense of responsibility has spared the region a much worse consequence.'[20]

A decade earlier a rapprochement between ASEAN and China would have been inconceivable; now it had a certain air of inevitability. But it required, on the part of the Chinese, a leap of imagination, a new kind of mindset, a willingness to abandon old ways of thinking, and a boldness that had previously characterized their economic reform programme, though not their conduct of regional relations.

What was surprising was not simply that China was suddenly prepared to embrace multilateralism in the region but also the manner in which it did so. This, after all, was the country that down the ages, from Tang to Mao, had regarded its neighbours with a sense of superiority and indifference: China did not need its neighbours, but they needed it. Yet China was prepared to engage with ASEAN, an organization composed - broadly speaking - of the weakest nations in East Asia, and to do so on its terms rather than China's. China's approach, in other words, was informed by a new and unfamiliar humility. Historically, North-East Asia, home to old and powerful civilizations like Japan and Korea as well as China, has been overwhelmingly predominant over the much less developed South-East Asia, where a lower level of economic development, ethnic diversity and a weak sense of nationhood have long been manifest.[21] There was now a remarkable inversion, at least in terms of diplomacy, of this traditional state of affairs.

From the ASEAN perspective, the origins of the new rapprochement lay in two initiatives. The first was the decision taken in 1992 to establish AFTA - the ASEAN Free Trade Area - which required the ten member states to remove all barriers to free trade by 2010.[22] The second was a call made by Mahathir Mohamed in 1990 that East Asia should establish an East Asian Economic Group, later termed the East Asian Economic Caucus, as a means of offsetting the negative effects of the Western-dominated international economic order.[23] The proposal was supported by ASEAN but opposed by Japan, and it was only after the Asian financial crisis that it gained serious momentum. Mahathir's initiative stemmed from his conviction that membership of East Asian bodies should be confined to countries within the region and his antipathy to APEC (Asia-Pacific Economic Cooperation), which included non-Asian members like the US and Australia. In fact Mahathir's position prefigured what was to become an increasingly important fault line within the region - the exclusion or inclusion of the United States - with Japan always favouring inclusion and China, *sotto voce*, tending to favour - though not always - exclusion.

The shift in China's approach took place between 1997 and 2001.[24] At a China-ASEAN summit in 2001 - known as ASEAN+1 (i.e., China) - China proposed the creation of a China-ASEAN free trade area to be established by 2010 (initial discussions had begun in 1999).[25] The ASEAN-China Free Trade Area, or ACFTA as it became known, was an extraordinarily bold proposal to create a market of almost 2 billion people, thereby making it by far the largest free trade area in the world.[26] The ASEAN countries had become increasingly nervous about the effect China's growing economic power might have on their own exports and also their inward foreign investment: its proposal for a free trade area helped reassure them that China would not pursue economic growth regardless of the consequences for others. At the ASEAN-China summit in 2003, China formally acceded to ASEAN's Treaty of Amity and Cooperation - which committed China to the core elements of ASEAN's 1967 Charter - the first non-ASEAN country to do so (India has since followed). In 2002 it also signed the Declaration on the Conduct of Parties in the South China Sea, which rejected the use of force in resolving the disputes over the Spratly and Paracel islands.[27] These had been a serious and continuing source of tension between China on the one hand and Vietnam, Taiwan, the Philippines, Malaysia and Brunei on the

other, culminating in military conflict with Vietnam[28] and the Philippines.[29] The agreements between ASEAN and China were to have a major impact on the political dynamics of East Asia. Prior to them Japan, which had long been the major external player in the South-East Asian economies, had resisted entering into regional trade agreements, preferring instead to operate by means of bilateral agreements. Japan now suddenly found itself on the back foot, outmanoeuvred by China's bold diplomacy, and ever since it has been running to catch up.[30]

Already, in 1997, during the Asian financial crisis, there had been the first ASEAN+3 summit (China, Japan and South Korea) and this was later formalized into a regular event. At the ASEAN+3 summit in 2003, the Chinese premier Wen Jiabao proposed that a study be made into the feasibility of an East Asian Free Trade Area, which was accepted.[31] Following China's lead, in 2005 Japan started to negotiate its own Free Trade Agreement with ASEAN, which was agreed upon in outline form in 2007. In 2009 Australia and New Zealand did likewise. There is now a complex web of Free Trade Agreements in the process of negotiation in East Asia which is intended to act ultimately as the basic infrastructure of a wider East Asian Free Trade Agreement, designed to be in place around 2007 and implemented before 2020.[32] Whether this ever materializes, of course, is another question, but the progress towards a lowering of tariffs in the region - with China in the driving seat - stands in marked contrast to the effective demise of the WTO Doha round, a point lost on neither ASEAN nor the rest of East Asia.[33]

ASEAN lies at the core of the new East Asian arrangements and has provided them with their template. Although South-East Asia has always been the poor relation in the region (in 1999, for example, the GDP of the North- East Asian economy was more than nine times that of ASEAN),[34] it would have been impossible for North-East Asia to have played the same role because the latter remains too divided, riven by the animosity between Japan and China, and to a lesser extent that between South Korea and Japan, as well as distracted by the disputes over Taiwan and the Korean Peninsula. As a result there is nothing like ASEAN in North-East Asia: such formal multilateral arrangements are almost completely absent. An important consequence of these various developments has been the effective exclusion of the United States from economic diplomacy in the

region. This has never been China's stated aim,[35] but, intended or otherwise, it is what has happened in practice. The centrality that APEC enjoyed in the mid nineties, and in which the US was a key player,[36] now seems a distant memory. The marginalization of the US is also manifest in the Chiang Mai Initiative, first agreed in 2000 on the proposal of the Chinese,[37] which involves bilateral currency swap arrangements between the ASEAN countries, China, Japan and South Korea, thereby enabling East Asian countries to support a regional currency that finds itself under attack. The agreement was a direct product of the Japanese proposal for an Asian Monetary Fund during the Asian financial crisis,[38] which was strongly opposed at the time by both the United States (on the grounds that it would undermine the IMF) and China (because it came from Japan). China has since swallowed its opposition - no doubt in large part due to the strengthening position of the renminbi - while the United States, weakened by the IMF debacle in the Asian financial crisis, has not resisted.[39]

If ASEAN has provided the canvas, it is the diplomatic involvement and initiative of China that has actually redrawn the East Asian landscape. In effect, China has been searching out ways in which it might emerge as the regional leader.[40] Underpinning its growing influence has been the transformation in its economic power. This has been the real driver of change in East Asia, the force that is reconfiguring the region. Unlike the European Union, where economic integration followed politics, in East Asia economics has been the dynamo of change, with political change following in its wake.[41] In North-East Asia, intra-regional trade - even in the absence of formally binding agreements - now accounts for 52 per cent of the total trade of the five economies (China, Japan, Taiwan and the two Koreas), a situation that has been achieved in little more than a decade; the equivalent figure for the European Union is 60 per cent, which it took half a century to reach.[42] Between 1991 and 2001, world trade increased by 177 per cent, whereas intra-regional trade in East Asia, despite the Asian financial crisis, increased by a staggering 304 per cent. By far the most important reason has been the growth of China, whose share in intra-regional trade almost doubled between 1990 and 2002.[43] With the emergence of the first Asian tigers in the early sixties, followed by the later examples, including China itself, the East Asian economy used to be seen in terms of 'flying geese', with Japan in the lead and the others flying in

formation behind.[44] But with China's economic rise during the 1990s, Japan's role as the most important economy in the region is rapidly being challenged by China. Between 1980 and 2002, while China's share of East Asian exports increased from 6 per cent to 25 per cent, Japan's fell from 50 per cent to below 30 per cent; similarly, while China's share of East Asian imports over the same period increased from 8 per cent to 21 per cent, Japan's fell from 48 per cent to 27 per cent.[45] Even at the peak of its economic power, Japan's role was always limited by the fact that it steadfastly refused to open up its economy to exports from its neighbours (other than those from its own foreign subsidiaries) - or, indeed, to the rest of the world - so its influence was largely exercised by a combination of its own foreign direct investment in Japanese overseas subsidiaries, imports from those Japanese subsidiaries and Japanese exports to the region. In contrast China's influence, because it has chosen to have an extremely open economy, is far more multifarious - as a market for the products of the region, as an exporter and as a multifaceted investor.

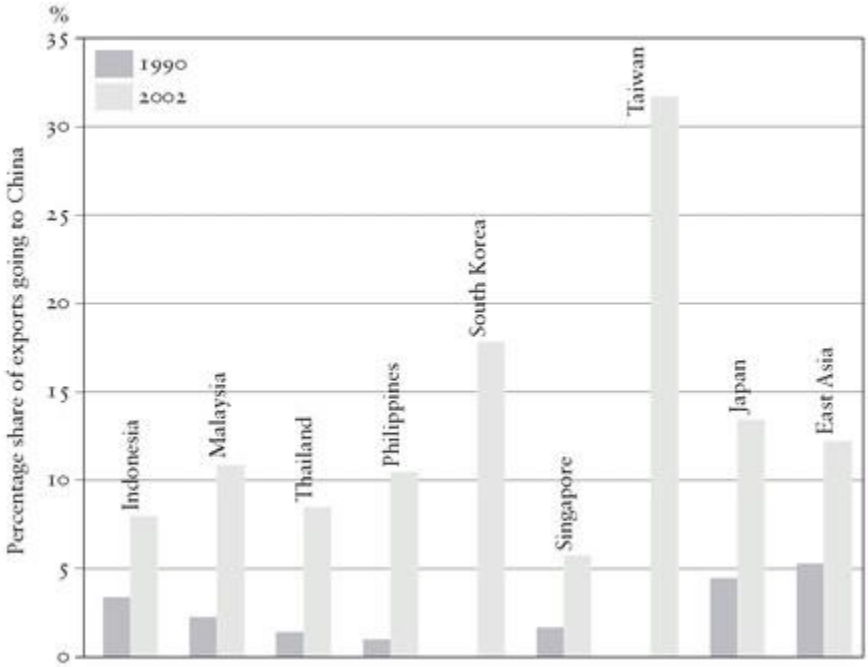


Figure 24. Growing importance of Chinese market.

Zhang Yunling, one of the architects of China's new strategy, and Tang Shiping have described the aim as: 'to make China a locomotive for regional growth by serving as a market for regional states and a provider of investment and technology'.[46] The most obvious expression of this has been the way in which, in less than a decade, China has become one of - if not the - most important market for many countries in the region: in a few years' time, it seems likely that it will be the single largest market for every country in the region. For the ASEAN countries, the Chinese market is now three times the size of Japan's.[47] No country - not even Japan, whose trade with China has recently overtaken that with the United States - can afford to ignore the Chinese market, or, as a consequence, China.[48] Since 2000 China's imports from ASEAN have increased at an annual rate of 30-40 per cent.[49] China, for example, accounted for 13.2 per cent of Singapore's exports in 2001, compared with 2.5 per cent in 1993, 18.5 per cent of South Korea's exports in 2001, compared with 6 per cent in 1993, and 9.2 per cent of Australia's exports in 2000, compared with 6 per cent in 1994.[50] It was widely feared in South-East Asia that Chinese imports from the ASEAN countries would be overwhelmingly comprised of raw materials. Certainly these are very significant, a case in point being the huge Chinese demand for timber, which is rapidly stripping the Indonesian forests.[51] The most important single category of ASEAN exports to China, however, is composed of intermediate goods. China is where the final assembly of many products of foreign-owned multinationals (American, European, Japanese, Taiwanese and South Korean) takes place prior to their export to their final destination. Countries like Malaysia and Thailand thus occupy a crucial niche in a complex division of labour centred on China.[52] In addition, China is assuming the role of an increasingly important investor in the region, with a large quantity of investment aimed at the extractive industries and infrastructure like railways, toll roads and refineries, in order to speed the flow of natural resources to the Chinese market. In 2002, 60 per cent of China's total foreign direct investment was directed towards Asia,[53] making it by far the most important destination. As a consequence, Chinese investment in South-East Asia has helped to compensate for the decline in Western investment over the last few years.

Zhang Yunling and Tang Shiping have described China's regional strategy in the following terms: 'participate actively, demonstrate restraint,

offer reassurance, open markets, foster interdependence, create common interests, and reduce conflict'.[54] With one bold and unexpected stroke, China has succeeded, in the manner of Deng Xiaoping, in redefining the dynamics of the region and, in the process, given itself more space for its own economic development. For sheer courage and unpredictability, China's East Asian initiative belongs to the genre of Chinese diplomacy initiated by Mao in the rapprochement with the United States in 1971. Even the intractable problems of North-East Asia are to some extent being redrawn by the ASEAN-BASED Chinese initiative, with both Japan and South Korea now involved in the creation of the East Asian Free Trade Area first proposed by the Chinese premier Wen Jiabao at the 2003 ASEAN+3 summit. It is impossible to predict the outcome of the process - or, more accurately, processes - now under way. They are open-ended and multi-layered, and could yet acquire another dimension, with the involvement of India and perhaps other South Asian countries in the future.[55] It has been suggested that one day there might be a fully-fledged East Asia Economic Union, perhaps even with a common currency, although the latter seems fanciful given the huge economic disparities across the region.[56] Nonetheless, the renminbi is likely to play a growing role in the region, especially if China further eases the restrictions on its use, as is likely over the next five years or so. In that eventuality, and assuming the dollar declines, the renminbi will increasingly be used for trading purposes, other countries in the region will peg their currencies to it, and in time it will surely assume the role of the reserve currency of choice in the region.[57] It is worth noting that in the zones around China's borders - Myanmar, Mongolia, Laos, Cambodia and Vietnam - the renminbi, though not yet convertible, is already traded freely and used as a de facto reserve currency, sometimes instead of theUSdollar.[58]

Not surprisingly, China's rapidly developing economic influence in the region is having wider political and cultural repercussions.[59] Everywhere, in varying degrees, the impact of China can be felt. The willingness of China to foster interdependence, to seek new arrangements, and to take into account the needs and interests of other nations has had an extremely favourable effect on how it is seen in most countries.[60] David Shambaugh, a leading US writer on China, argues: 'Bilaterally and multilaterally, Beijing's diplomacy has been remarkably adept and nuanced, earning praise

around the region. As a result, most nations in the region now see China as a good neighbor, a constructive partner, a careful listener, and a non-threatening regional power.'[61] This process has been enhanced by the stark contrast over the last decade between China's whole-hearted embrace of multilateralism and the United States' preoccupation with the Middle East combined with its shift towards unilateralism during the Bush administration. China's overseas aid has risen from around $260 million in 1993 to more than $1.5 billion in 2004 at a time when the US has been reducing its own; as a result, China's aid to the Philippines is now four times that of the US, double what the US gives to Indonesia, and far outstrips American aid to Laos, Cambodia and Myanmar. [62] China is funding many high-profile projects, including a new presidential palace and foreign ministry building in East Timor and a parliament building in Cambodia.[63] It finances the training of Cambodian and Laotian officials in China as well as receiving a growing number of politicians and dignitaries from the region in China on visitor programmes.[64] It has opened its doors to foreign students, with over 60,000 from East Asia studying for advanced degrees in Chinese universities in 2003-4.[65] There is a growing thirst across the region to learn Mandarin, while Chinese tourists are becoming an increasingly common sight in South-East Asia, greatly outnumbering those from Japan.

SHIFTING SANDS

One of the consequences of China's growing economic importance has been that the great majority of countries in the region have become more closely aligned with it. There are only two exceptions to this: Taiwan, at least until recently, and Japan. Even Singapore and the Philippines, two traditionally close allies of the United States, have moved much closer to China. Rather than countries fearing the rise of China and, as a result, choosing to move closer to the United States, the opposite has happened. Nor has there been any sign of an arms race in the region. A senior Singaporean diplomat confidentially offered the view in 2004 that:

The balance of influence is shifting against the United States. In the last decade the Chinese have not done anything wrong in South-East Asia. The Japanese have not done anything right, and the US has been indifferent. So already Thailand, Laos, Cambodia, and other states are defining their national interest as ‘Finlandization’ with respect to China. The US will never be shut out of South-East Asia completely, but there is less room for it now than in the past fifty years.[66]

As the accompanying figures suggest, attitudes in the region have grown more favourable towards China, compared with those towards the US, while China is generally seen as emerging as the new power centre in the region and as likely to become the most important economic partner of most countries. To illustrate the reconfiguration of power in East Asia towards China, I will look at three very different examples, namely Myanmar, Malaysia and South Korea; and then at the remarkable way in which Australia is being drawn into China’s orbit.

As a former tributary state of the Middle Kingdom, Myanmar has long enjoyed a close relationship with China, but since the late eighties this has become more marked. The growing isolation of Myanmar - especially from and by the West - has served to increase its dependence on China for both trade and security, with the latter now by far its biggest trading partner as well as its largest source of inward investment. The country’s Chinese minority, which has grown considerably in recent years, has played a very important role in this growing economic alignment with China. There is also close military collaboration between the two countries, the only such instance of this in the region (with the partial exception of North Korea). With their long shared border, Myanmar is an important ally for China because it gives its landlocked south-west provinces vital access to the Indian Ocean for their exports while also providing a base for the Chinese navy to operate in the Indian Ocean. For a combination of historical and economic reasons - and because otherwise Myanmar would find itself even more isolated - China’s relationship with Myanmar is, in fact, more intimate than that with any other country in the region.[67]

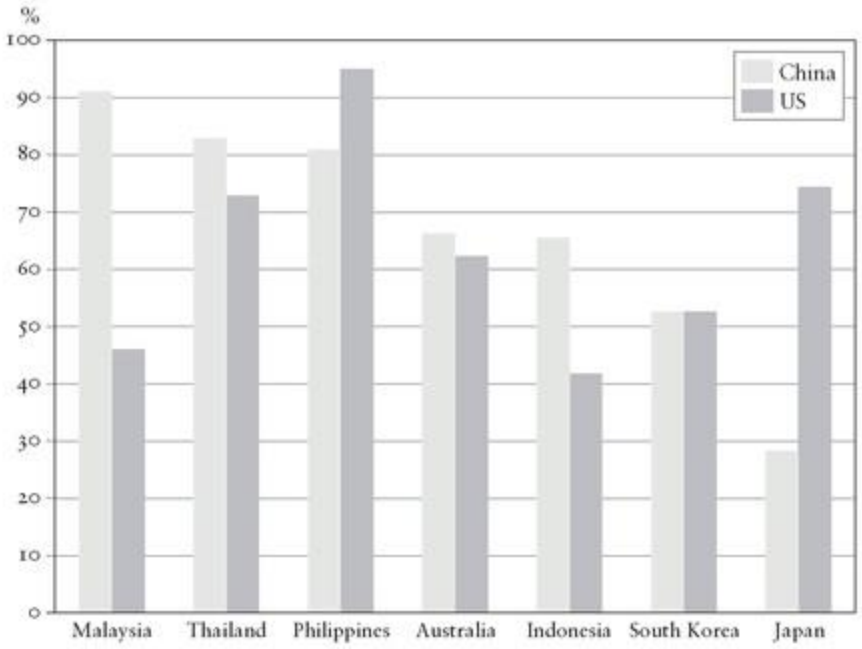


Figure 25. East Asian attitudes towards China and the United States (% 'favourable') Nov 2005.

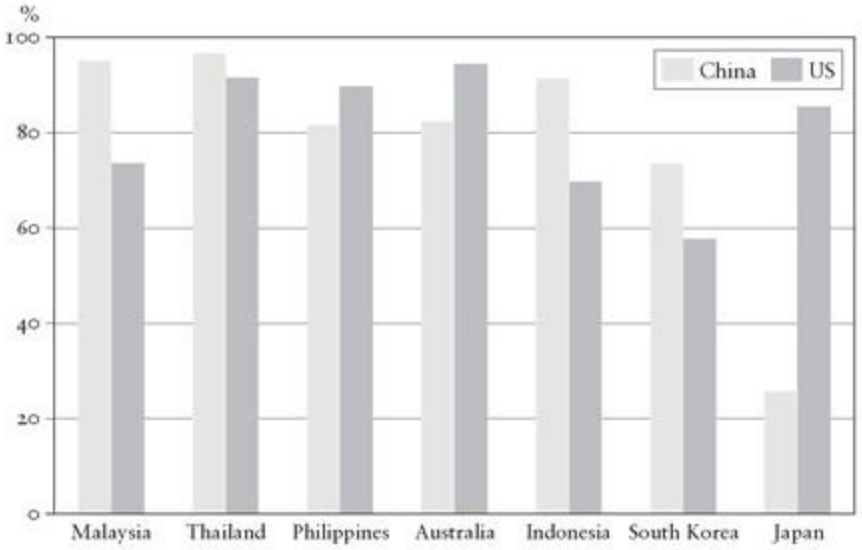


Figure 26. East Asian perceptions of bilateral relationship with China and the United States (% 'good') Nov 2005.

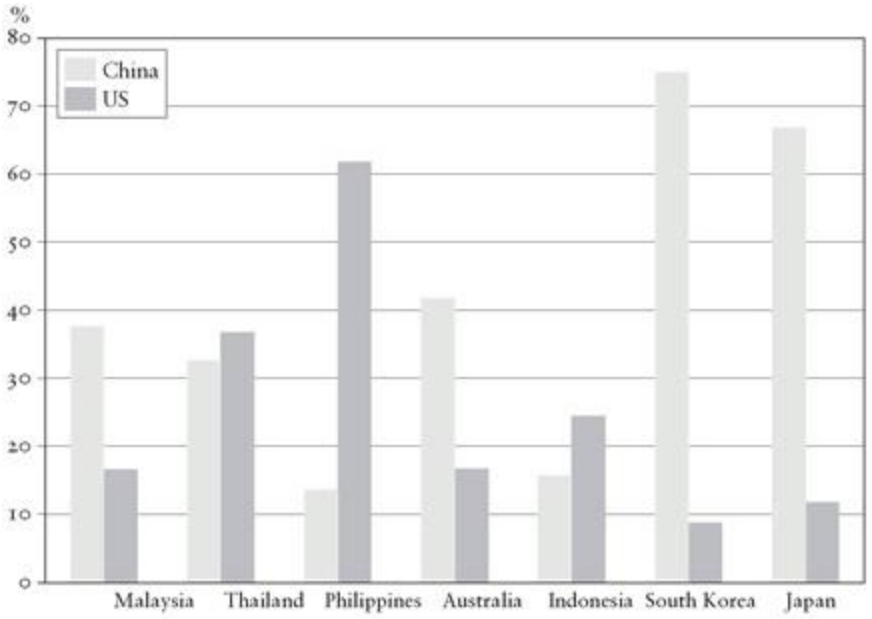


Figure 27. East Asia's perceptions of Asia's future power centre (%) Nov 2005.

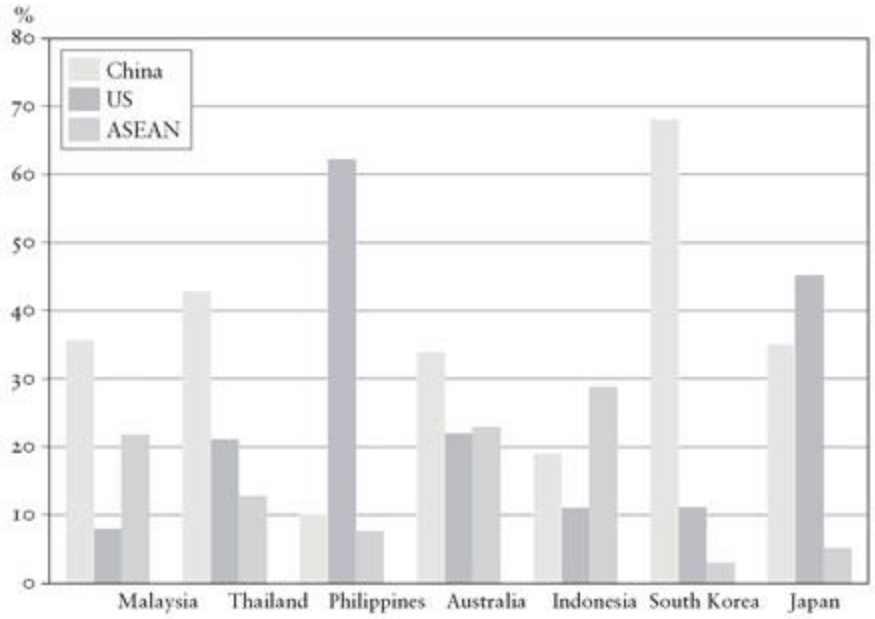


Figure 28. East Asia's perceptions of their closest economic partner in 5-10 years (%) Nov 2005.

For geographical reasons, the archipelagic countries of South-East Asia have traditionally enjoyed a more distant relationship with China than those like Myanmar and Vietnam that share the same land mass.[68] Furthermore, the ethnic, cultural and religious differences between China and countries like Malaysia and Indonesia are very pronounced. Malaysia, following its independence in 1957, viewed China with considerable suspicion because of its own large Chinese minority and the fact that the Maoist regime encouraged a guerrilla war, mainly based amongst the local Chinese, against the British and, after independence, against the newly installed Malay-dominated government. With China's rapid economic growth during the reform period, together with its turn away from promoting revolutionary change elsewhere, relations steadily improved. Although the two countries were in conflict over the Spratly Islands, the then Malaysian premier Mahathir Mohamed chose to pursue a policy of engagement with China, aware that his country could not win any naval clash.[69] He also played a critical role for more than a decade in encouraging China to become more involved in the region and with ASEAN in particular.

In the longer run any deepening relationship with China is likely to have an effect on the delicate racial balance in Malaysia between the Malay majority and the Chinese minority, who presently account for more than a quarter of the population. Not surprisingly, it is the Chinese minority who are primarily involved in trade with China, who fill the planes that fly between the two countries, and who benefit the most economically from the bilateral relationship. [70] As a result Malaysia, while seeking a closer relationship with China, is bound to remain at the same time somewhat ambivalent. (The problem of an economically powerful indigenous Chinese minority is by no means confined to Malaysia: a Chinese minority, though relatively smaller than that in Malaysia, also plays the dominant role in the private sectors of Thailand, Indonesia, Myanmar, Laos, Cambodia, Vietnam and the Philippines.[71])

The most dramatic example of the way in which China's rise has been transforming relations in the region, however, is South Korea.[72] After the Second World War it became an intimate ally of the United States, a relationship which was cemented in the Korean War, with no small part of

its subsequent economic success due to its position as an American vassal state during the Cold War. Yet over the last decade it has been moving closer to China both at a governmental and a popular level.[73] China is now easily the country's largest trading partner and South Korean firms have invested heavily in the mainland, with China the largest destination for Korean foreign investment. [74] Over half the students from East Asia studying for advanced degrees in China come from South Korea.[75] More than 1 million South Koreans visited China in 2003, while 490,000 Chinese made visits to South Korea. Each week, there are over 700 flights between the two countries.[76] The crisis over North Korea and its nuclear weapons has also served to bring China and South Korea closer together, with the latter discovering that it had more in common with the cautious Chinese position of restraint than the more aggressive American approach under Bush. Indeed, China's handling of the crisis and its emergence as the key mediator with North Korea has enhanced its standing both with South Korea and in the region more widely.[77] The fact that the United States has meanwhile strengthened its defence ties with Japan has further alienated South Korea, which views Japan with considerable enmity as a result of the latter's conduct during its colonial occupation of the country.[78]

South Korea's attitude towards North Korea and China on the one hand and the United States on the other, however, remains the subject of major domestic argument: after the two liberal administrations of Kim Dae-jung and Roh Moo-hyun, which emphasized reconciliation with North Korea and sought closer relations with China, the election of conservative president Lee Myung-bak in 2008 marked a shift towards a tougher stance on North Korea and a closer relationship with the United States. There is also tension between China and South Korea over the precise ancestry of the ancient kingdom of Koguryo, which occupied territory in North Korea, South Korea and also over the Chinese border, and is claimed by both Korea and China as part of their history. In the longer run, however, it seems likely that South Korea will continue to move closer to China and further away from the United States, perhaps to the point where eventually the US-Korean alliance will be dissolved - but that is unlikely to happen within less than a decade, probably rather longer.[79] In the meantime, it is possible that the United States will eventually withdraw its troops from the Korean Peninsula if and when a solution is found to the present crisis.[80] The

rapprochement between China and South Korea is a powerful echo of earlier times when Korea was a close and important tributary state of China, a situation that lasted many centuries until China's defeat in the Sino-Japanese War.[81]

Australia cannot be counted as part of East Asia, but belongs more properly to Asia-Pacific, which embraces that region together with the Pacific countries. One of the great geo-cultural anomalies is that a country that lies just to the south of Indonesia has an overwhelmingly white majority and has long been considered a Western country. Though historically part of the British Empire, ever since 1942 it has enjoyed an extremely close relationship with the United States, for most of that period being its closest and most loyal ally in the Asia-Pacific region. Over the last decade, however, China's growing economic power has exercised a mesmerizing effect on the island continent. By far the most important reason for this is China's voracious appetite for Australia's huge deposits of raw materials, especially iron ore. Largely as a result of Chinese demand, the Australian economy enjoyed uninterrupted growth for almost two decades until the financial meltdown and would appear to be in the process of decoupling its fortunes from the Western economy, especially the United States.[82] Australia is one of the relatively few countries in the world that has experienced a double benefit from China's rise: namely the falling price of manufactured goods and, until the global downturn, the rising price of commodities. If twentieth-century Australia was dominated by New South Wales and Victoria, and the rivalry between Sydney and Melbourne, this century will be characterized by the rise of the mining states, Western Australia and Queensland, with China the reason. China's interest in Australia's vast natural deposits is not confined to that of a customer; its role as an investor is becoming increasingly important, with the purchase of stakes in Australian mining firms, including, most dramatically so far, the proposal for the Chinese state-owned aluminium producer Chinalco to buy a large chunk of the debt-laden Anglo-Australian mining group Rio Tinto.

Not surprisingly, China's growing role in Australia's prosperity is having important political ramifications. The clearest expression of this hitherto has been the election of Labour prime minister Kevin Rudd in 2007. A fluent Mandarin-speaker, well versed in Chinese culture and tradition, and possessed of excellent contacts in Beijing (having worked there for many years), he can be described as the first Chinese-orientated political leader to

be elected in the West. Although Australia remains very closely aligned with the United States, its growing rapprochement with China seems likely to influence the nature of its relationship with Washington.[83] It is premature to suggest that Australia will at some point distance itself from the United States and in effect bandwagon with China in the manner, for example, of South Korea or Thailand, but it would not be surprising to find Australia becoming more sensitive about its relations with China and making these sensitivities known to the Americans. In that way Australia might become the Western voice of China. A key factor in this will be the course of Australian politics: Rudd's predecessor as a Labour prime minister was Paul Keating, the first Australian premier to advocate the turn towards Asia, while his successor, the long-serving Liberal prime minister John Howard, could hardly have been more pro-American. In the much longer run, however, it is conceivable that Australia will move into China's orbit and become increasingly distant from the United States as the latter's power and utility decline.

ECHOES OF THE PAST

In the light of the region's realignment towards China, we can now return to the question of how East Asia's relationship with China is likely to evolve and, in particular, to what extent it might bear some of the hallmarks of the tributary system. The tributary system and Westphalian system are often regarded as polar opposites and mutually exclusive, the former involving a hierarchical relationship, the latter based on relations of equality between sovereign nation-states. In fact, as mentioned in Chapter 7, the Westphalian system in practice has never been quite that simple. For most of its history it was largely confined to a group of European states, since until the second half of the twentieth century the great majority of countries in the world did not enjoy independence, let alone equality.[84] Even after these countries became sovereign nation-states, in the great majority of cases they were to enjoy nothing like equality with the United States or the West European nations, a situation which was exacerbated during the Cold War, when nation-states experienced what was, in practice, limited sovereignty in their

relationship with the superpower to which they owed their allegiance. Life has not been that dissimilar in the era of the single superpower, with most countries enjoying varying degrees of limited sovereignty in their relationship with the United States. Given the profound inequalities in interstate relations, the concept of equality in the Westphalian system is thus legalistic rather than real. In practice, as with the tributary system, it has strong hierarchical features.[85] Like the tributary system, the Westphalian system also has an influential cultural component, namely the idea of hegemony or soft power. In other words, the distinction between the tributary and Westphalian systems is not quite as clear-cut as one might think. Seen in these terms, the restoration of elements of the tributary system in a modernized form does not seem so far-fetched. Some of the old building blocks, moreover, remain firmly in place. Chinese culture not only continues to enjoy great prestige throughout East Asia, but its influence is once again on the rise, helped by the presence of a much larger Chinese minority than existed in earlier times, especially in South-East Asia. Furthermore, in North-East Asia, and also Vietnam, Confucianism is a shared heritage in a not dissimilar way to the role of the Graeco-Roman tradition in Europe.

Historically, the tributary system was the international concomitant of China's identity and existence as a civilization-state. And just as the influence of the civilization-state remains palpable in the domestic sphere, so the persistence of the tributary state is apparent in the realm of international relations. In important respects, indeed, Chinese attitudes towards concepts of sovereignty and interstate relations continue to owe at least as much to the tributary legacy as to the contemporary Westphalian system.[86]

The Chinese concept of sovereignty differs markedly from that in Western-inspired international law. Take the dispute over the sovereignty of the Spratly and Paracel islands, which, though shelved for now - following the agreement with ASEAN - remains, in the long term, unresolved.[87] The Spratly and Paracel islands are barely islands at all, but a collection of uninhabited rocks, many of which are usually under water, situated in the South China Sea, the Spratlys to the north of East Malaysia and to the west of the Philippines, and the Paracels to the east of Vietnam. The idea of maritime sovereignty is a relatively recent innovation, dating from 1945 when the United States declared that it intended to exercise sovereignty

over its territorial waters,[88] and it is this body of law that essentially forms the basis of the claim by the various South-East Asian states to the Spratlys and Paracels. China, in contrast, rests its argument on ‘historic claims’, namely that the islands have for thousands of years formed an integral part of the south-east frontier of the Middle Kingdom in the same manner, for example, as the land border to the north of Beijing. Expeditions to the islands have discovered various Chinese artefacts, such as chinaware and copper cash from the Tang and Song dynasties, that have been used to buttress these ‘historic claims’ and demonstrate that the islands have long been a part of China. The islands are part of the folklore of Chinese culture, kept alive, in various invocations of the Chinese frontier spirit, by articles written by Chinese journalists who regularly visit the islands. They are shown on many Chinese maps as clearly within the ‘historic claim line’ (see map on p. 293) and therefore as part of China.[89] Hainan Island, off the southern coast of China, may be China’s smallest land province, but it is also regarded - because of the extent of its maritime territory which, as claimed, reaches far into the South China Sea - as its largest ‘ocean province’.[90] In 2007 Beijing established the new Sansha municipality in Hainan Province, which has jurisdiction over three islets that Vietnam claims in the Spratly and Paracel archipelagos. This led to large-scale protest demonstrations outside the Chinese embassy in Hanoi.[91] The idea of ‘historic claims’ finds expression in the Chinese use of intertemporal law, which concerns rights or wrongs in the historical past. Chinese legal scholars argue that: ‘a judicial fact must be appreciated in the light of the laws contemporary with it, rather than the laws in force at the time when a dispute arises.’[92] This gives force and legitimacy to history rather than the present, to the laws that prevailed during the era of the tributary system rather than the present international legal system.

Map 11. Chinese Claims in the South China Sea

In 1984 Deng Xiaoping suggested 'the possibility of resolving certain territorial disputes by having the countries concerned jointly develop the disputed areas before discussing the question of sovereignty'.[93] In other words, the question of sovereignty should not necessarily delay moving forward on other issues. Deng's remark has frequently been cited by Chinese sources in the context of the islands in the South China Sea, where

his approach has in practice been followed, and in relation to the Diaoyu/Senkaku islands in the East China Sea that are disputed with Japan; it has also been suggested in connection with Taiwan.[94] While insisting on their ultimate sovereignty over the latter, the Chinese have offered to shelve the matter more or less indefinitely, providing Taiwan does not seek to declare independence, illustrating the flexibility with which the Chinese are prepared to approach the issue. Alternatively, they have suggested that, providing their sovereignty over the island is accepted by the Taiwanese, Taiwan can continue to have its own government, political system and even armed forces.[95]

This highlights another fundamental difference between the Chinese conception of sovereignty and that held in the West - most clearly demonstrated in the attitude displayed by China towards the handover of sovereignty in Hong Kong. The transfer of sovereignty was regarded by the Chinese as non-negotiable, as in the case of all the so-called lost territories - namely, Taiwan, Hong Kong, Macao and probably the various disputed islands too - which China regards, on the basis of history, culture and ethnicity, as rightly its own. But by Western standards its sovereignty has been exercised in an unusually pliant manner. The British - and Western - narrative concerning Hong Kong was that, following the handover in 1997, the Chinese would transform the territory into something that closely resembled the mainland. This expectation has not been borne out. For the most part, Hong Kong has changed very little. As such, it is utterly atypical of the normal experience of post-colonial transition. The key to understanding the Chinese approach lies in the notion of ‘one country, two systems’, as enshrined in the territory’s constitution, otherwise known as the Basic Law. As far as China was concerned, the issue was the recognition of its sovereignty over Hong Kong rather than whether or not the territory shared the same system of government.[96] The Western approach is different: sovereignty and one-system are seen as synonymous. ‘One country, two systems’ lies in a millennia-old Chinese tradition that acknowledges and accepts the existence of differences between its many provinces, or, to put it another way, that such differences are an inherent and necessary part of a civilization-state. In other words, the civilization-state, like the tributary system which derives from it, is based on the principle of ‘one civilization, many systems’. In contrast, the Western notion of

sovereignty rests on the principle of ‘one nation-state, one system’, and the Westphalian system on ‘one system, many nation-states’.[97]

The Chinese attitude towards sovereignty is closely related to the old Confucian concept of ‘harmony with difference’, which has been revived under the present Chinese leader, Hu Jintao. Some Chinese scholars, in fact, have interpreted ‘one country, two systems’ as an example of ‘harmony with difference’. Whereas in Western discourse, harmony implies identity and a close affinity, this is not the case in Chinese tradition, which regards difference as an essential characteristic of harmony. According to Confucius, ‘the exemplary person harmonizes with others, but does not necessarily agree with them; the small person agrees with others but is not harmonious with them.’[98] Agreeing with people means that you are uncritically the same as them: the opposite of harmony is not chaos but rather uniformity and homogeneity. Interestingly, in China the latter are often associated with the term ‘hegemony’, which is used pejoratively to describe big power behaviour - once the Soviet Union, now the United States - in contrast to ‘harmony’ which is seen as enabling and embracing difference.

In considering the future relationship between China and its East Asian neighbours, it is pertinent to take into account not only the historical legacy of the tributary system but also what might be described as the realpolitik of size. This was clearly a significant aspect of the tributary system, but it is an even more powerful factor in the era of globalization and the modern nation-state. China is anxious to emphasize its desire to exercise self-restraint and respect for the interests of other states, but in the longer run, on the assumption that China continues its economic rise, the disparity between China and the other nations in the region is likely to become ever more pronounced over time. It is not difficult to imagine a scenario in which the inequality between the power of China and that of neighbouring states will be rather greater than that to be found in any other region of the world. Such overweening power will be expressed in a gamut of ways, from economic and cultural to political and military. This is the major factor that lies behind the suspicions latent in the region towards China: the fear not so much of what China is now - especially as it has gone out of its way to reassure its neighbours - but what it might be like in the future.[99] The chief of the Malaysian navy put it like this in 1996: ‘as the years progress, there exist[s] . . . uncertainty in the form of China’s behaviour once she attained

her great power status. Will she conform to international or regional rules or will she be a new military power which acts in whatever way she sees fit?'[100] Imagine the relationship, fifty years hence, between a hugely powerful and advanced China, with a population well in excess of 1.5 billion, and Laos and Cambodia, with populations by then of perhaps around 10 million and 20 million respectively; or, for that matter, Malaysia, with perhaps rather more than 30 million people. On grounds of size - let alone the tributary legacy - the relationship between China and its region is bound to be fundamentally different from that between the dominant country and its neighbours in any other region.

What will China be like? How will it act? It is clear that China's behaviour towards, and conception of, the region is bound to be heavily influenced by the legacy of the tributary system and its character as a civilization-state. The influence of this way of thinking is already apparent in China's attitude towards the Spratly and Paracel islands, Hong Kong and Taiwan. In its own region at least, one can categorically say that China will not simply be a Westphalian nation-state. But even if that is the case, how assertive is China likely to be? Is one to judge China's future behaviour by the restraint and relative magnanimity that is characteristic of the present regime, or will that be superseded by something altogether more Sinocentric? Could China slowly abandon its present extreme caution and become more forceful in its relations with other countries, for example those, such as India, Japan and the South- East Asian countries, with whom it has territorial disputes which for the time being it has agreed to shelve?[101] As China grows more powerful, it would hardly be surprising if it did become more Sinocentric: in fact, at least in the longer run, that is what one might expect. After all, with the present overwhelming emphasis on economic development and the desire to ensure that there are no distractions, restraint is at least partly a function of priorities: in the reform era, China's self-discipline has been huge and impressive. But casting our minds into the future to a time when living standards are much higher and China has established itself as the dominant power in East Asia, how might a more Sinocentric outlook express itself?

Perhaps the best way of answering this question is to look for pointers in the present, however isolated and scattered they might be. There are three examples. The first concerns the Chinese invasion of Vietnam in February 1979, which China described as a 'punitive war to teach Vietnam a lesson'

about the proximity of Chinese power and its belief that the Vietnamese had not been sufficiently grateful for the assistance they had received from China during the Vietnam War.[102] The language of this war, the tone of imperial condescension, the desire to assert a hierarchical relationship, the need for big brother to teach younger brother a lesson, were a throwback to the days of the pre-modern Chinese world order and the tributary system.[103] In not dissimilar vein, China has used military force in the disputes over the islands in the South China Sea, against the Philippines in 1995 and most notably against Vietnam in 1956, 1974, and again in 1988, when China took six islands in the Spratly area, three Vietnamese ships were sunk and seventy-two Vietnamese seamen killed.[104] These actions all bear the imprint of the tributary system, the need to assert the natural hierarchical order of things, and, if necessary, punish those who dared step out of line. It should be noted, however, that relations between China and Vietnam have improved considerably over recent years, although the enmity between them, which stretches back many centuries, is deeply rooted.[105]

The second example concerns the relationship between China and Chinese citizens abroad. In autumn 2005 it was alleged that a Chinese female tourist in Malaysia had been strip-searched and subjected to violent assault by Malaysian officials. The issue was first reported by the *China Press*, a Malaysian Chinese-language newspaper, and was subsequently taken up with such vehemence by the Chinese media that the Malaysian prime minister ordered an independent investigation, as well as instructing his home affairs minister to make a special trip to Beijing in order to explain and apologize.[106] An editorial in the *China Daily*, the official government newspaper, exclaimed: 'All sensible minds cannot but be shocked by the images showing a female compatriot of ours being forced to perform "ear-squats" naked by a Malaysian policewoman in uniform. No excuse can justify brutality of such magnitude.'[107] The editorial exercised little restraint or circumspection. Yet soon afterwards it was discovered that the woman in question was not a Chinese citizen, or even Chinese for that matter, but a Malay.[108] The Chinese response to the incident was, from the outset, both disproportionate and belligerent, and based on false information culled from the Chinese-Malaysian press. It would be wrong to draw too many conclusions from one isolated incident, but the Chinese reaction, under the circumstances, was overbearing and intemperate. The Chinese

treated the Malaysian government with scant respect. They didn't even have the courtesy to check the facts first. They behaved in an imperial fashion towards what they seemed to regard, in tone at least, as a lesser state. Meanwhile, the Malaysian government, for its part, acted in the manner of a suitably humble and deferential tributary state. As Chinese tourism in the region grows apace, the incident suggests that the protection afforded to Chinese citizens abroad will be attentive and proactive at best, invasive and aggressive at worst.

The final example concerns the response of the Chinese to the riots against the local Chinese in Indonesia in 1997. In the event, the Chinese government displayed considerable restraint, seeking to discourage the kind of demonstrations staged by the overseas Chinese in Hong Kong, Taiwan, New York, South-East Asia and Australia.[109] Nonetheless, to judge by postings on the internet, the reaction of many Chinese was one of considerable anger. The following post is one such example:

My mother country, do you hear the crying? Your children abroad are crying out. Help them. I do not understand politics and do not dare talk about politics. I do not know what it means to say 'we have no long-term friends or enemies, only long-term interests', and I do not know what these interests are . . . I only know that my own compatriots are being barbarously slaughtered, they need help, and not just moral expressions of understanding and concern. My motherland, they are your children. The blood that flows from their bodies is the blood of the Han race. Their sincerity and goodwill also come from your nourishment. Help them . . .[110]

Notwithstanding these sentiments, the Chinese government acted with caution and moderation; but as Chinese power in the region grows, the relationship between the China and the overseas Chinese - who wield exceptional economic power in virtually every ASEAN country,[111] and whose self-confidence, status and position will be greatly enhanced by China's rise - will become a growing factor in these countries.[112] Emboldened by the rise of China, the local Chinese may seek to take advantage of their improved bargaining position in order to enhance their power, while governments in these countries are likely to be increasingly cautious about the way they handle their Chinese minorities for fear of upsetting Beijing. The historian Wang Gungwu argues that the overseas Chinese share many characteristics with other ethnic minorities: 'But where

the “Chinese” are totally different is [that] their “mother country” is near Southeast Asia, very large and populous, potentially powerful and traditionally contemptuous of the peoples and cultures of the region.’[113]

TAIWAN - THE GREAT NON-NEGOTIABLE

There have been two great exceptions to the new turn in China’s regional policy. One is China’s most important ‘lost territory’, namely Taiwan, and the other her regional colonizer and greatest adversary, Japan. While China has pursued a strategy of engagement, accommodation and compromise with virtually every other country in the region since the turn of the century, that cannot be said of its attitude towards Japan or, at least until recently, Taiwan.[114]

China’s attitude towards Taiwan is fraught not only because it regards the island as one of its lost territories, and therefore as historically part of China; there is an extra charge because Taiwan became a bone of contention after the civil war between the Chinese Communist Party and the nationalist Kuomintang, with the flight of Chiang Kai-shek and his forces to the island and the declaration that it was now the Republic of China, claiming sovereignty over the whole of China. As a consequence, Taiwan represents unfinished business, the only incomplete item on the Party’s civil war agenda. This is why the return of Taiwan to Chinese sovereignty is the ultimate non-negotiable for the present regime and, given the strength of Chinese public opinion on the issue, probably for any other regime one could imagine as well.[115] The road since 1949 has been tortuous, from the pariah status bestowed upon China by the West and its recognition of Taiwan rather than the People’s Republic of China as the true China, to the American volte-face after the Nixon-Mao rapprochement, and then the steady international isolation of Taiwan over the last four decades. But China’s ultimate objective, namely reunification, has proved beyond reach because the Taiwanese themselves have remained firmly opposed to it, with the tacit support of the Americans.

Indeed, China’s hopes were to be thwarted by a most unexpected development, a growing sense of Taiwanese identity culminating in the

electoral defeat of the Kuomintang (KMT), which, in principle at least, had always supported a one-China policy, and the victory of the pro-independence Democratic Progressive Party (DPP). After the election of the DPP's Chen Shui-bian as president in 2000, Taiwan pursued a policy of desinicization and increasingly assertive nationalism. This happened to coincide with growing economic interdependence between China and Taiwan, which, though resisted for a period by Chen and his predecessor as president, Lee Teng-hui,[116] has accelerated to the point where, by 2003, half of the top 1,000 Taiwanese firms, including all the major computer companies, had invested in the mainland, usually in manufacturing subsidiaries. Around three-quarters of Taiwanese foreign direct investment presently goes to China, and there are hundreds of thousands of Taiwanese living and working in the Shanghai region and Guangdong province. The Chinese market now accounts for around 40 per cent of Taiwanese exports, a huge increase on just a few years ago.[117] Will growing economic interdependence mean that the two countries are drawn irresistibly closer together, resulting in some kind of political arrangement between them? Or will the sense of difference that clearly informs Taiwanese consciousness close off that option and lead to a growing desire for de jure, and not just de facto, independence?

A key question here concerns the nature of Taiwanese identity. To what extent is it constituted as different from and in opposition to Chinese identity? And is a sense of Taiwanese identity positively correlated with support for Taiwanese nationalism and ultimately independence? As can be seen from Figure 29, between 1992 and 2006 the proportion of Taiwanese who thought of themselves simply as Chinese has been steadily declining, while those who felt themselves to be Taiwanese has been commensurately rising. However, the group that consider themselves to be both Taiwanese and Chinese has been consistently large - by a narrow margin, in fact, the biggest of all - accounting for almost half the electorate. The picture is, therefore, rather complex. The fact that the largest group consider themselves to be both Taiwanese and Chinese suggests that the two identities, far from being mutually exclusive, are seen by almost half the population as complementary. Many, in fact, recognize that their Taiwanese identity, based on a shared sense of history, culture, place and customs, exists within and alongside their sense of being Chinese.[118] This would suggest that there is not necessarily a strong correlation between a sense of

Taiwanese identity and support for independence. This is rather borne out in Figure 30. The largest group supports the status quo, with any decision on the island's status to be postponed until later, or what might be described as a 'wait and see' position. The second largest group (which enjoys half the support of the former) favours the status quo now and independence later, but this is more or less matched by those who prefer the status quo indefinitely. And not far behind this group in terms of support are those who favour the status quo and unification with China later; there is minimal backing, though, for immediate unification. Only a small minority support immediate independence, and this group combined with those who favour the status quo and independence later comprise less than a quarter of the population. Furthermore, the combined support for these two positions peaked in 1999 and has subsequently levelled off or even declined slightly.

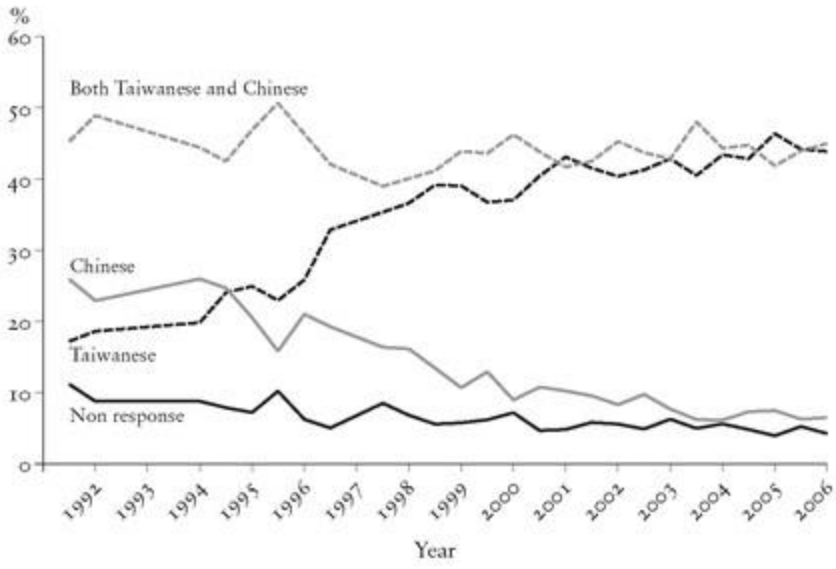


Figure 29. Changing Taiwanese attitudes towards Taiwanese/Chinese identity.

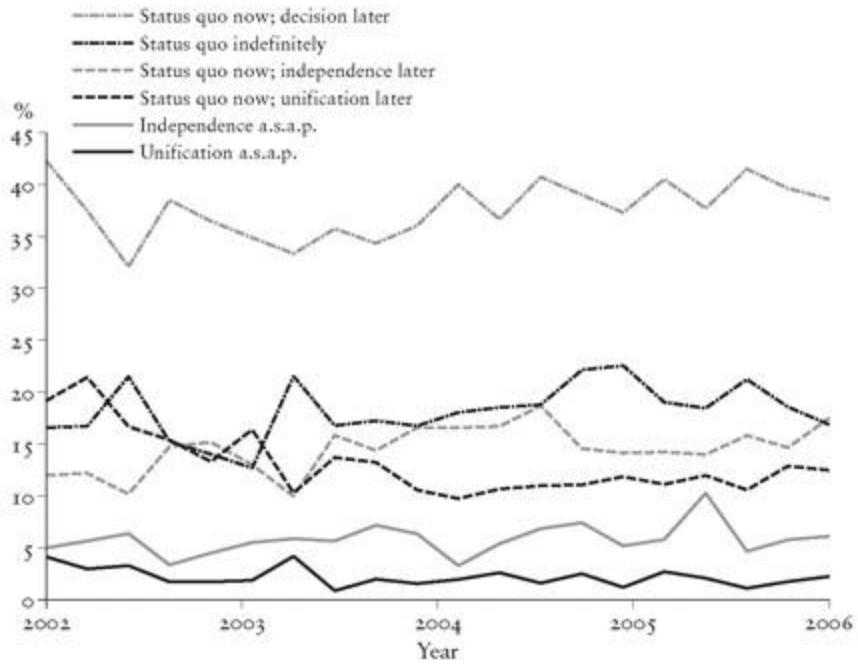


Figure 30. Taiwanese support for unification and for independence.

This suggests that Taiwanese identity is a diverse and malleable concept which means different things to different people. It does not appear to have a strong political content, otherwise there would be a closer correlation between Taiwanese identity and support for independence.[119] Rather than seeing the direction of Taiwan as predetermined, the situation is, in fact, fluid and open-ended. Taiwanese opinion is open to influence according to the way in which China behaves and the exigencies of Taiwanese politics, together with deeper underlying trends, including how China evolves economically and politically in the longer run, what happens to the Taiwanese economy, and the impact of economic integration between China and Taiwan.

While there is nothing inevitable about the political effects of growing economic integration, the sheer speed and extent of the process over the last few years has had a major impact on Taiwanese politics. Fear of its consequences persuaded former president Lee Teng-hui to impose restrictions on investment in China by Taiwanese companies and to hasten the process of Taiwanization in order to take advantage of what Lee saw as a window of opportunity before the dynamic of economic integration began

to close down options.[120] Chen followed suit, though he was forced to bow to pressure from Taiwanese companies and ease some of the restrictions. The growing dependence of Taiwanese companies both on the Chinese market and on their manufacturing operations in China has become an influential consideration in the minds of both Taiwanese business and the Taiwanese electorate. Whereas once the country was largely dependent on the American market, this has been supplanted in importance by the Chinese market in a manner similar to China's other neighbours. In Taiwan's case, though, this process has happened even more quickly and gone a lot further - primarily, no doubt, because of shared Chinese customs, culture and language, though other factors like geographical proximity are also significant. Any calculation concerning Taiwan's economic future, or the prospects for living standards, must inevitably place China at the centre of the equation. It is hardly surprising that in a 2005 survey almost twice as many Taiwanese were in favour of strengthening economic ties between China and Taiwan as compared with those in favour of downgrading them.[121] And China has recently sought to use these growing connections to build links with different sections of the Taiwanese population in order to influence the political climate and place political pressure on the Taiwanese government.[122]

The manifest volatility of Taiwanese public opinion has underlined the need for China to court and influence it, yet this is a matter to which the Chinese government has historically attached relatively little importance. There are three reasons for this. First, the Chinese concept of the 'lost territories' means that Taiwan, as in the case of Hong Kong, is seen in terms of an historic claim rather than popular sovereignty: in other words, legitimacy is regarded as a matter of history rather than the present. As a consequence of this attitude, the Hong Kong people were not represented in the talks about the handover, which were conducted exclusively between the Chinese and the British.[123] This differed from what has normally happened in negotiations over decolonization, with those seeking independence from the colonial power generally represented at the conference table. Second, the Chinese attitude towards both Hong Kong and Taiwan demonstrates the overriding importance attached to state sovereignty and the absence of any tradition of popular sovereignty, a subject I discussed in Chapter 7. Third, the Chinese view of Taiwan involves a particular concept of Chineseness, which conceives of it in

essentialist terms, as immutable, timeless and fixed in history, something that is inherited at birth, whether one likes it or not. This is directly related to the discussion in the last chapter about the nature of the Han Chinese, who are seen by the Chinese government as homogeneous, even though in reality the Han are a very diverse group. It follows, therefore, that the notion of a Taiwanese identity that serves to supersede or elide one's Chinese belonging is given little or no credence.[124]

As a consequence the Chinese government, at least until recently, has made little attempt to woo Taiwanese opinion. Indeed, it has often acted in a way that served to inflame, alienate, intimidate and antagonize the Taiwanese - issuing thinly veiled threats, refusing to countenance their views, and resorting to coercive action, most notably the firing of missiles into the Taiwan Strait during the 1996 presidential election campaign.[125] Recently, however, China has been more prepared to engage with the situation in Taiwan as it actually is and thereby take Taiwanese opinion more seriously.[126] This was illustrated by its wooing of the KMT leadership in the period prior to the 2008 parliamentary and presidential elections, including the visit of the former KMT leader Lien Chan to Beijing in 2005. There is now growing optimism in Beijing based on the fact that support for Taiwanese independence seems to have peaked and a view that the majority of Taiwanese are basically pragmatic - supporting, in one form or another, the status quo. The rising economic interdependence between China and Taiwan also points in the direction of the status quo or closer political ties.

China is prepared to be patient and settle for the status quo for the indefinite future, provided Taiwan does not declare independence. This would have the virtue of enabling Beijing to concentrate on China's economic development and sidelining an issue which, in the event of a military conflagration, could do untold damage to the country's global and regional standing. There is a quiet belief on the part of the Chinese that time is on their side. Taiwan's growing economic dependence on China is one obvious reason for this, while China's own spectacular progress is clearly making the country steadily less unattractive in the eyes of the much richer Taiwanese. At the same time Taiwan, throttled by its lack of diplomatic recognition, finds itself in danger of being excluded from the new regional trade arrangements centred on ASEAN.[127] Another factor is the improvement in China's military competence and capacity across the Taiwan Strait, consequent upon the country's growing economic and

technological capacity, which acts as a powerful deterrent to any adventurist action by Taipei. Furthermore, the fact that the Bush administration consistently sought to restrain President Chen Shui-bian's more outlandish schemes also served to reassure Beijing.[128] Most important of all, the sweeping victories achieved by the KMT in the parliamentary and presidential elections in early 2008 confirmed Beijing in its new sense of optimism. Weary of Chen's preoccupation with independence and concerned about the weak state of the economy, the electorate voted decisively for improved relations with the mainland, not least economic, with the new president Ma Ying-jeou promising to maintain the status quo and seek a closer relationship with China. Direct air flights and tourism have followed; and it is possible that a Closer Economic Partnership Arrangement, similar to the one between China and Hong Kong, might in time be agreed.[129] In April 2009 there was dramatic progress when China and Taiwan concluded new agreements on financial services, direct flights and fighting crime. This almost certainly marked a major turning point, paving the way for a much closer relationship between the two countries. Indeed, it is not inconceivable that we might witness a major breakthrough in, or even resolution of, the disputes between China and Taiwan in the relatively near future.

In the longer run it is conceivable that Washington might contemplate the idea that Taiwan is no longer a fundamental interest that must be defended at all costs.[130] Certainly, in the light of China's rise, Taiwan has enjoyed a declining priority in Washington over recent decades. The Chinese may also have begun to entertain the possibility of rather looser political solutions that might one day be acceptable to the Taiwanese. For some time the Chinese have essentially offered Taiwan an enhanced variant of 'one country, two systems',[131] but this has recently been given less prominence. Perhaps the Chinese will contemplate the idea of a Chinese commonwealth or a federal commonwealth under which Taiwan would enjoy not only a high degree of autonomy, as it would under the Hong Kong formula, but also, while recognizing the symbolic sovereignty of Beijing, in effect be granted a measure of independence and even limited autonomy to act in the international sphere.[132] For now, China's growing optimism is not misplaced. However, the situation remains fraught with uncertainties. If a future DPP government should at some point go for broke and declare independence, then China would almost certainly seek to reverse that action

by military means, thereby embroiling the whole region and the United States in a crisis which would have far-reaching consequences. It may be unlikely, but such a scenario cannot yet be ruled out.[133]

BIG BROTHER AND LITTLE BROTHER

Since 1949 Taiwan has been China's most acute regional problem. It is conceivable, however, that Taiwan might be placed on the back burner for a decade or more, during which time longer-term trends might effectively resolve the issue one way or another. If that should happen, then by far the most difficult issue facing China in East Asia would be Japan.[134] Until the Sino-Japanese War of 1894-5, which was a direct consequence of the Meiji Restoration in 1868 - with Japan's turn to the West, rejection of its own continent, especially China, and its expansionist ambitions - relations between China and Japan had been relatively harmonious. Japan had been a long-term tributary state, duly honouring and acknowledging its debt to Chinese civilization and the Confucian tradition, even if at times it proved a distant and somewhat recalcitrant one - which, given its island status and advanced civilization, was hardly surprising.[135]

For well over a century, however, following the 1894 war, China's relationship with Japan has been far worse than that with any other power. Many Chinese still see that war and the subsequent Treaty of Shimonoseki as the darkest hour in China's 'century of humiliation'. China's ignominious defeat and the extremely onerous terms inflicted on China in the peace left a particularly bitter taste. Defeat by what was seen as an inferior nation within the Chinese world order was considered to be a far greater humiliation than losing to the Western barbarians, and served to undermine the prevailing Chinese world-view. This was a case - in the Confucian discourse - of the student beating up the teacher or the younger brother beating up the older brother.[136]

The ignominy visited upon China in the 1894-5 war was compounded and accentuated by Japan's occupation of north-east China in 1931 and then its full-scale invasion of north-east, east and parts of central China in 1937; the scars these hostilities left have never been healed. To this day, the

Nanjing Massacre defines the nature and identity of the Japanese as far as the Chinese are concerned and therefore in large measure their attitude towards Japan. It may have taken place seventy years ago, but it remains an open wound, as present in the relationship between the two countries as if it had happened yesterday. Even the numbers killed - 300,000 in the Chinese interpretation - is still a highly charged issue.[137] Of course, the reason why these questions remain so alive is because the Japanese have failed to apologize properly, or demonstrate any serious sign of confronting their own past, unlike the contrition that the Germans have shown for their behaviour in the Second World War.[138] The Japanese paid dearly for their defeat at the hands of the United States and Europe - with huge casualties, the Tokyo trials, the confiscation of its overseas assets and the American occupation - but they have shown little remorse towards their Asian neighbours for their country's often barbaric behaviour, which was far worse than anything Japan meted out to the Western powers. The Nanjing Massacre was the worst example, with the mass killing and rape of civilians, but this was repeated on a smaller scale elsewhere in China, while the Japanese occupation of Korea was also marked by considerable cruelty.[139] The numerous apologies that Japan has given have been little more than formulaic, while the courts have refused to compensate the individual victims of crimes committed in Japan's name. The grudging attitude towards its Asian neighbours is symptomatic of post-Meiji Japan - respect for the West and contempt for Asia. Nor, for most of the post-war period, has Japan needed to rethink its attitudes.[140] It rapidly re-established itself as the dominant power in the region, in a different league to its poorer neighbours, while the United States, its sponsor and protector, neither required nor desired Japan to apologize to Communist China during the Cold War, given that a new and very different set of priorities now applied.

Fast-forward fifty years, however, and East Asia presents a different picture. Japan no longer constitutes the great exception, a Western level of development surrounded by a sea of backwardness. On the contrary, the first four Asian tigers enjoy a GDP per head not far short of Japan's,[141] living standards in the region have risen enormously, and Japan's old nemesis, China, has been the subject of a remarkable economic transformation. In short, history has finally caught up with Japan.[142] As a society and culture, Japan has always been at its best when its goals - and the path towards those goals - were set in concrete. But when both the goals

and the path need to be adapted to changed circumstances, perhaps even subject to wholesale revision, Japan seems to find the shift inordinately difficult.[143] Rather like France, it tends to fiddle and delay until nothing short of a revolution - or, in Japan's case, a restoration - is required. In the face of the transformation of East Asia, and above all China, Japan has been effectively paralysed, unable to change direction, offering little other than more of the same. The ruling Liberal Democrats, who have dominated Japanese politics since 1955, have found lateral thinking virtually impossible.[144] As Chinese East Asian expert Zhu Feng argues: 'Japan has been less prepared for the rise of China than any other country. They can't believe it. They don't want to believe it. Yet it affects them more than anyone else.'[145] For the most part, Japan has gone into denial about the rise of China, wishing that somehow it might go away or that it was perhaps a figment of everyone else's imagination.

From the early nineties, Japanese politics began to shift to the right and become more nationalistic, a process hastened by the collapse of the Social Democratic Party, which had always been a staunch opponent of Japanese rearmament.[146] Japanese ruling politicians grew more aggressive towards China, displaying impatience with traditional deferential tendencies towards their neighbour, increased concern about China's rise, and frustration with what they saw as China's exploitation of Japan's colonial past.[147] In 1996 for the first time the proportion of those saying in an annual poll that they did not have friendly feelings towards the Chinese exceeded those that did. The crisis over North Korea and its threatened development of nuclear weapons, together with its abduction of Japanese citizens between 1977 and 1983, served to harden nationalist sentiment: indeed, the North Korean threat was seen as a proxy for the Chinese threat, thereby helping to ratchet up hostility towards China as well.[148] In 1999 an extreme nationalist, Ishihara Shintaro, was elected governor of Tokyo: previously anti-American, he quickly became rabidly hostile towards China. Meanwhile, Japan entered into a new defence agreement with the United States which was clearly directed against China and which implicitly involved Japan in the defence of Taiwan.[149] The growing enmity towards China found its fullest expression to date during Junichiro Koizumi's premiership between 2001 and 2006, with his annual visits in his capacity as prime minister to the Yasukuni Shrine - a politically inspired memorial to Japan's fallen

soldiers, including Class A war criminals - which were intended to encourage nationalism at home while also being provocative towards China. Since Koizumi, however, both the short premiership of Shinzo Abe, previously regarded as hawkish towards China, and especially that of Yasuo Fukuda have revealed a desire in ruling circles to temper the hostility of the Koizumi era and seek a more accommodating relationship with China.[150] It remains to be seen what course Japan will steer during the premiership of Taro Aso, who also has a nationalist reputation, but his period in office is likely to prove of short duration.

Japan, meanwhile, finds itself more or less isolated in East Asia. Although it has been generous in bestowing aid on many countries in the region, it has failed to address its wartime legacy, which is a continuing source of resentment for many of its neighbours, especially South Korea and China. It has remained, furthermore, relatively aloof from its neighbours, having refused to open up its market and resisted entering into multilateral, rather than bilateral, arrangements with them until its hand was finally forced by China's recent initiatives with ASEAN.[151] There have been two recent illustrations of Japan's continued isolation. The first concerned its failed bid to become a permanent member of the United Nations Security Council in 2005, when China succeeded in mobilizing most of the region in opposition to Japan's proposed membership, thereby effectively torpedoing it.[152] The second example was the anti-Japanese demonstrations in China in 2005, provoked partly by Japan's UN bid but mainly by the publication of a new school history textbook in Japan that sought to downplay Japanese crimes against China during the last war;[153] in this case, as in that of the United Nations, the sympathies of the region were overwhelmingly on the side of the Chinese rather than the Japanese government.[154] In both instances, the underlying cause of Japan's isolation is the same: its failure to address not only China's grievances about the last war but nearly everyone else's as well.[155]

China's rise requires a fundamental shift in Japanese thinking - indeed, Japan's interests would have been best served if it had been willing to address the wartime treatment of its neighbours several decades ago[156] - but there remains little sign of it. Instead Japan has clung to variants of its post-war stance, with the result that China has succeeded, with the adroitness of its recent diplomacy in the region, in outmanoeuvring it. Meanwhile, the

relationship between the two remains frozen in the manner of the Cold War, with each twist and turn being seen in terms of a zero-sum game.[157] The issues of contention between the two are many, though the historical questions clearly predominate over all others. In terms of the present, by far the most important - and dangerous - issue concerns the disputed Senkaku/ Diaoyu islands and the similarly disputed maritime border in the East China Sea.[158] There have already been clashes over the islands, most notably in 1990.[159] Unlike the disputed islands in the South China Sea, there are known to be significant oil and gas deposits in the area, thereby lending them an added strategic significance. China has offered to shelve the issue of sovereignty, as it has done with the Spratlys, in favour of joint development, but the Japanese have rejected the idea. The Chinese, meanwhile, have begun exploration in a disputed area of sea.[160] An agreement between the two countries on joint exploration and development would help to ease tension, though it would not resolve the underlying issue of sovereignty over the islands or the maritime border.[161] Until some kind of agreement is reached, this dispute is the one most likely to provide a flashpoint between the two countries.[162]

At times of crisis, the Chinese government has tried hard to restrain popular attitudes of resentment towards Japan for fear that they might get out of control; sometimes, however, they have spilt over, as was the case with the large and angry demonstrations that took place in several Chinese cities in 2005. While Taiwan and the United States have been important factors in Chinese nationalism, especially in the 1990s, its growth has been driven, above all, by feelings of resentment and hostility towards Japan. These remain much stronger than the enmity displayed towards the United States.[163] Apart from the Korean War, there is no history of conflict between China and the US. Moreover, the two countries succeeded in 1971 in remaking their relationship and putting it on an entirely new footing that has survived to the present day. They are also, of course, geographically separated by the expanse of the Pacific Ocean. In contrast, the bitter enmity between the Japanese and Chinese has existed for over a century without interruption. There is simply no modern tradition of compromise or coexistence between them and yet they are by far the two most powerful countries in East Asia.[164] The Chinese may not particularly like the Americans but they generally respect them; in contrast, as I have frequently

found, the Chinese - including the highly educated - will often volunteer that they hate the Japanese.[165] The rise of China, moreover, has if anything served to harden attitudes towards Japan. As Shi Yinhong has observed, the view is now widely expressed that: 'If China concedes to Japan it means that China cannot rise. What is the point of rising if we have to concede to Japan?'[166] It is, nonetheless, strongly in China's interests to play for time. Notwithstanding that Japan remains East Asia's largest economy (according to GDP by market exchange rates) and by far its most advanced, time, as always it would seem, is on China's side. Assuming that China continues to grow at a brisk pace, the balance of power between the two will continue to move in China's favour,[167] with the latter steadily emerging as the fulcrum of the East Asian economy.[168] Even for Japan, China is now of great economic significance: it became Japan's largest export market in 2008, overtaking the United States, with the value of Japanese exports to China doubling between 2000 and 2003,[169] and it has also become an important manufacturing base for many Japanese multinationals. Japan, in short, is being drawn into a relationship of growing economic interdependence with China. But this does not mean that relations between the two countries will inevitably grow more harmonious: the underlying antagonism between them is far too deeply rooted for that.

Map 12. The Disputed Senkaku/Diaoyu Islands

So how is the relationship between China and Japan likely to evolve? There are several possible scenarios.[170] Hitherto, Japan has essentially regarded itself as different, and apart, from the region. As we have seen, that has been the case ever since the Meiji Restoration, with Japan looking up to the West and down on Asia. The fact that this mindset has been a

fundamental characteristic of Japan ever since 1868 makes the task of changing it even more difficult and daunting.[171] Since its defeat in the Second World War, Japan's detachment from Asia has been reinforced by its military dependence on the United States, with the American defence guarantee obliging Japan to look east across the Pacific Ocean rather than west to its own continent, thereby encouraging it to think of itself as an Asia- Pacific rather than East Asian power. This is illustrated by the fact that in 2007 it concluded a security pact - its only other being with the United States - with Australia, the US's closest ally in the Asia-Pacific region. Though both unstated and denied, the obvious target of the agreement is China.[172] Furthermore, as mentioned earlier, the terms of its security and defence arrangement with the United States have been significantly strengthened over the last decade.[173] The most likely scenario is that Japan continues along this same path. For the Japanese it has the great advantage of enabling them to carry on with the status quo and postponing the day when they are required to engage in a fundamental rethink - by far the biggest since 1868 - of their relationship with China in particular and East Asia in general. In China's eyes, however, the US-Japan alliance is only the second worst solution, the worst - such are China's fears of Japanese history - being a Japan that increasingly aspires to become a military force in its own right.[174] The latter process is also under way, but it is taking place slowly and within the context of Japan's alliance with the United States, rather than separately from it. In the long run, however, dependence on the United States may be unsustainable. The growing economic, political and military strength of China could at some point oblige the Japanese to rethink their attitude towards China in a more positive way, while the United States may also be persuaded at some stage that its relationship with China is rather more important than that with Japan and that its alliance with Japan should effectively be downgraded, shelved or abandoned. But any such outcome, should it ever happen, still lies far in the future.[175] The one scenario that seems inconceivable is that Japan emerges as a stand-alone superpower to rival China: it is simply too small, too particularistic, too isolated and too weakly endowed with natural resources to be able to achieve this.[176]

. . . AND THE ELEPHANT

The elephant in the room or, more precisely the region, is the United States. The latter is not even vaguely part of East Asia, being situated thousands of miles to its east, but with its military alliance with Japan, its military bases in South Korea and its long-term support for Taiwan, not to mention the Korean and Vietnamese wars, it has been the dominant power in the region ever since it replaced Europe in the 1950s. That state of affairs, however, has begun to change with remarkable speed. A combination of 9/11 and the new turn in Chinese foreign policy in East Asia, together with China's emergence as the fulcrum of the regional economy - one of those accidental juxtapositions of history - has transformed Chinese influence in the region, while that of the United States, hugely preoccupied with the Middle East to the virtual exclusion of all else, it would seem, declined sharply during the Bush presidency.[177] Given that the period involved has been less than a decade, the shift in the balance of power in the region has been dramatic. In a few short years, every single country has been obliged to rethink its attitude towards China and in every case - excepting Japan and Taiwan (though, since the election of Ma Ying-jeou as president, perhaps even there too) - has moved appreciably closer to it, including Singapore, the Philippines, Thailand and South Korea, all of which have formal bilateral alliances with the United States.[178] China's star in the region is patently on the rise and that of the United States on the wane.[179]

It would be wrong to assume that the future will be a simple extrapolation of these recent trends. The precipitous, for example, certainly cannot be excluded, especially in light of the open-ended nature of Sino-Taiwanese relations. Less apocalyptically, the process of change witnessed over the last decade could slow down, or alternatively perhaps accelerate. The United States could try to restrain the momentum and direction of that change by engaging in a more imaginative and proactive strategy towards East Asia under Obama. More speculatively, if relations between China and the US in East Asia should seriously worsen at some point in the future, the United States might seek to contain China.[180] If this should happen, then it would inevitably have serious ramifications for their global relationship.[181] But nor can the possibility be excluded that the US will in time become

reconciled to its declining influence in East Asia. Should that be the case, there is little evidence so far to suggest that the region will become more unstable as a consequence: on the contrary, during the period that has coincided with China's rise, East Asia has been, at least hitherto, strikingly conflict-free. Given that East Asia was characterized by long-term historical stability during the tributary period as a result of China's overwhelming power, this should not necessarily be regarded as surprising.[182]

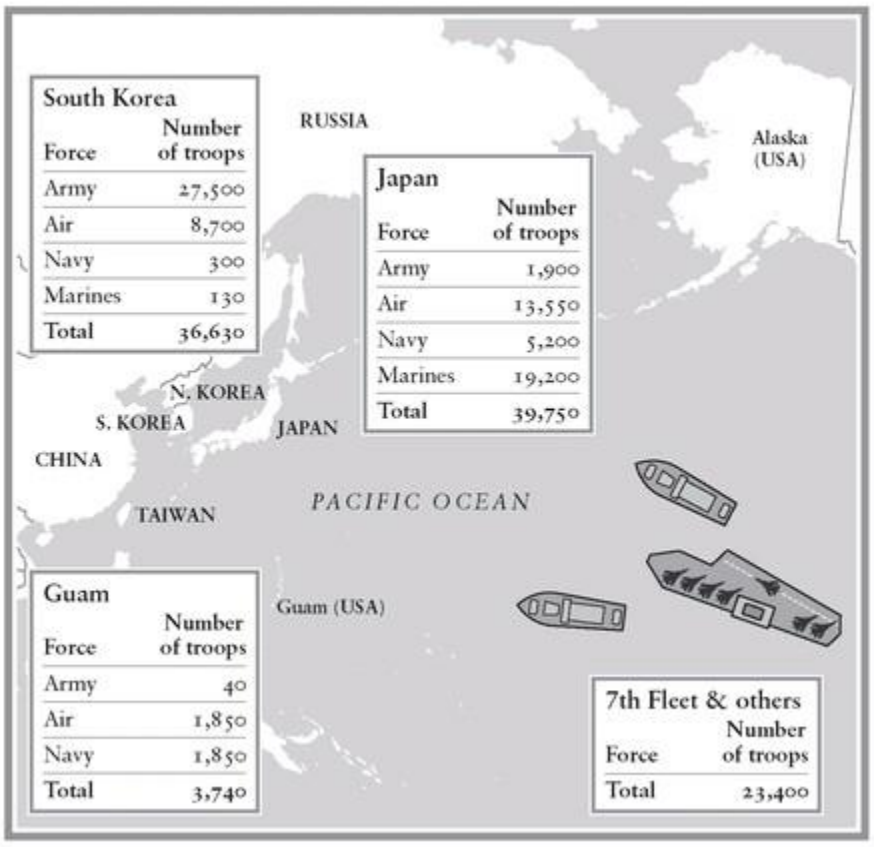


Figure 31. American troops in East Asia 2007.

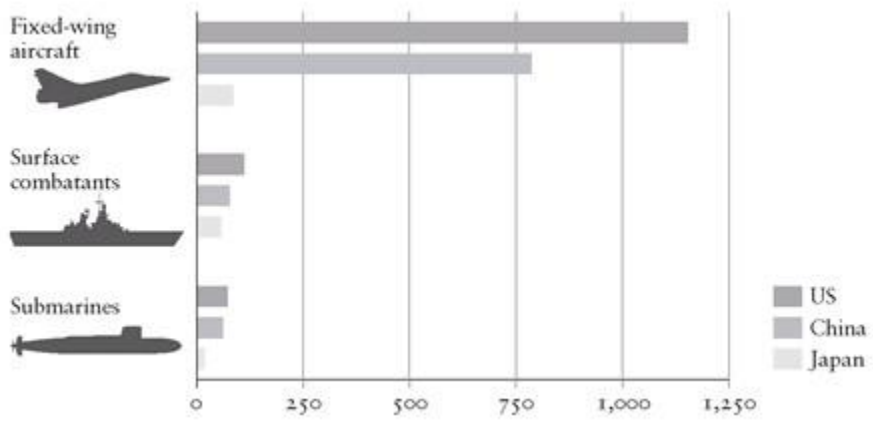


Figure 32. Naval capability, 2007.

As things presently stand, China is already established as the dominant land power in the region, while the United States remains, at least for the medium term, the dominant regional maritime power.[183] While this naval strength clearly serves to contain China's power in the region, it is also a sign of the US's increasing weakness, with land power an expression of China's growing economic and political clout and maritime power almost solely a function of the US's hard power. Indeed, it would seem that China is not so far away from achieving hegemony within the region in most respects (economic, political and cultural) other than military. By far the most important US ally in East Asia remains Japan, and, a little further afield, Australia is still an American intimate, notwithstanding its closer relationship with China. The US has also been working very hard to try to recruit India to its side. Between them these constitute a formidable counter to China, albeit ringing East Asia rather than, except in the case of Japan, being part of it. Both Russia and India overlap with and abut East Asia, and therefore can also be regarded as significant players in the region, but I will consider their relationship with China's rise in the next chapter.

10

China as a Rising Global Power

Not far from Renmin University in the north-west of Beijing, there is a gargantuan Carrefour hypermarket which sells everything from clothes and refrigerators to sports equipment and food, and which takes a lifetime just to walk through let alone shop in. It is the largest supermarket I have ever used and throngs with many thousands of Beijingers every day of the week. Carrefour, French-owned and the world's second largest retailer, has 112 such hypermarkets in China, though they vary considerably in size. In April 2008 Carrefour found itself the target of a protest which spread like wildfire across China, with demonstrations taking place outside stores in Beijing, Wuhan, Heifei, Kunming, Qingdao and many other cities. The origin of the anti-Carrefour campaign was a few brief postings on China's internet bulletin boards which claimed that the retailer and one of its shareholders, LVMH, the French luxury group, had financed the Dalai Lama's government-in-exile in India. Coming hard on the heels of the riots in Tibet, it was an incendiary campaign, which was given added charge by the anger felt towards the protests in Paris against the Olympic torch relay and suggestions that President Sarkozy might boycott the Games. The large crowds that gathered outside many Carrefour hypermarkets urged shoppers to boycott the stores. Demonstrators carried pictures of Jin Jang, a wheelchair-bound Chinese athlete, who had been accosted by a French protester during the torch relay in Paris and whose treatment had incensed the Chinese public. Shoppers who bravely ventured into Carrefour stores did so under the protection of scores of riot police. The eruption of Chinese protests against Carrefour, which threatened to engulf other French companies as well, was reminiscent of those staged against Japanese companies in 2005 when relations between China and Japan reached a new nadir.

Alarmed by the threat to their Chinese operations, Carrefour vehemently denied the rumours about it funding the Tibetan government-in-exile and declared its opposition to the splitting of China. To contain the protests, China's internet gatekeepers began restricting searches using the French company's name. Meanwhile, President Sarkozy sought to defuse anger over the protests in Paris by offering a tacit apology for 'wounded' Chinese feelings. With French companies growing increasingly concerned about a boycott of their goods by Chinese consumers, Nicolas Sarkozy wrote a letter to Jin Jang, the Chinese athlete, offering his 'sympathy'. He acknowledged the 'bitterness' felt in China about the French protests and the attack on Jin Jang, referring to it as a 'painful moment' which he condemned 'in the strongest possible terms'. 'I must assure you,' he continued, 'that the incidents on that sad day, provoked by certain people, do not reflect the feelings of my fellow citizens for the Chinese people.' The letter was handed to Jin Jang in person by the head of the French Senate during an official visit to Shanghai. Mr Sarkozy also sent his chief diplomatic advisor to Beijing in an effort to calm feelings.

Earlier that year another French company, Peugeot Citroën, found itself on the wrong end of Chinese public opinion when it carried an advert in the Spanish newspaper *El Pais* featuring a computer-modified Mao Zedong scowling down from an advertising hoarding at a Citroën car. At the bottom of the ad was the slogan: 'It's true, we are leaders, but at Citroën the revolution never stops.' The ad was attacked on Chinese internet bulletin boards for 'hurting our national pride' and 'damaging the whole Chinese people'. It was hastily withdrawn by the company, which described the ad as 'inappropriate' and expressed regret for any 'displeasure' caused. Its statement read: 'We repeat our good feelings towards the Chinese people, and confirm that we respect the representatives and symbols of the country.' Then in May, Christian Dior, the French fashion brand, became the latest global company to learn the hard way about the danger of offending Chinese sensibilities. Facing the prospect of a boycott of its products, the company dropped the American actress Sha ron Stone from its advertising in China after she suggested that the recent earthquake in Sichuan province was karmic retribution for how Beijing had treated Tibet. In the same month the Dalai Lama collected an honorary doctorate from the London Metropolitan University, which attracted considerable criticism in the Chinese media. In June the university's vice-chancellor met with officials at

the Chinese embassy and ‘expressed regret at any unhappiness that had been caused to Chinese people by the recent award’. It was widely believed that the apology was not unconnected with the fact that 434 students from China were currently studying at the university and that Chinese students have become an extremely lucrative source of revenue for British universities. In their different ways these examples testify to the importance of the Chinese market for many foreign companies and universities, and the extent to which foreign political leaders are prepared to bow to Chinese sensitivities. They underline the growing influence on the global stage of Chinese public opinion, concerns and attitudes.

A new world order, the future shape of which remains unclear, is being driven by China’s emergence as a global power. As we saw in the last chapter, the most advanced expression of this process is in East Asia, where, in little more than a couple of decades, China has become the de facto centre of the region, an increasingly important market for every country, the key driver of the new economic arrangements presently taking shape, and the country that all others are increasingly obliged to take account of and accommodate, even if the manner of China’s diplomacy remains determinedly and self-consciously *sotto voce*. So far the changes wrought by China’s rise have done little to disturb the calm of global waters, yet their speed and enormity suggest that we have entered an era of profound instability; by way of contrast, the Cold War was characterized by relative predictability combined with exceptional stability.

How will the impact of China’s economic rise be felt and perceived in ten years’ time? How will China behave twenty years hence when it has established itself as second only to the United States and effectively dominates East Asia? Will China continue to operate within the terms of the established international system, as it has done for the last decade or so, or become the key architect and protagonist of a new one? Will the rise of China plunge the world into a catastrophic environmental and climatic crisis as a fifth of humanity rapidly acquires the living standards previously associated with the West? China certainly does not know the answers, nor does the rest of the world, whose behaviour towards China will be a powerful determinant of how China itself responds. International relations experts are fond of citing the rise of Germany and Japan in the early

twentieth century as examples of nations whose new-found power could not be contained within the existing international system and whose ambitions eventually culminated in war. The rise of China will not necessarily result in military conflict - and, for the sake of humanity, we must fervently hope that it does not - but it is a sobering thought that the ramifications of China's rise for the world will be incomparably greater than those of Germany and Japan, even accounting for the difference in historical times.

The beginning of the twenty-first century marked the moment when China arrived in the global mind.[1] Until then, for most of humanity, it had largely been a story of a faraway country about which people knew little. Now, within the space of a handful of years, its influence has become real and tangible, no longer a set of statistics or the preserve of policy-makers, but dramatically impacting on popular consciousness around the world. Television programmes and newspaper articles on China have become commonplace. There were two main drivers of this global moment of China-awareness. First, as China established itself as the workshop of the world, 'made in China' goods began to flood global markets, from Wal-Mart in the United States to Jusco in Japan, almost overnight reducing the prices of a growing range of consumer goods, creating the phenomenon known as 'China prices'. Not surprisingly this engendered a feel-good factor about China's rise, albeit tempered by the realization that many companies and jobs were migrating to China to take advantage of the much cheaper costs of manufacturing. Second, China's double-digit growth rate fuelled a growing appetite for the world's commodities, which had the opposite effect - inflationary rather than deflationary - of big and persistent hikes in the prices of most commodities, of which oil was the most visible and dramatic. Unless you were a major commodity-producing nation, this induced a feel-concerned factor, a growing realization that there was a downside to China's rise. The impact was, thus, felt in different ways around the world: for commodity producers in Africa and Latin America, it primarily meant higher prices for their exports, thereby stimulating economic growth, combined with cheaper manufactured goods; for the West and Japan it meant a large fall in the prices of consumer products and clothing, then spiralling commodity prices; for East Asia it meant a vast new market for their products and low-priced 'China goods' at home. Whatever the precise effect, and for most of the world it has so far been beneficial, China's arrival on the world market ushered in a new kind of

global awareness of China: it marked the foothills of China's emergence as a global power.

In 2001 China officially launched its 'Going Global' strategy, which was primarily intended to foster a closer relationship with commodity-producing countries and thereby secure the raw materials the country urgently required for its economic growth. The effects of this policy have been dramatic. In the space of less than a decade, China has forged close ties with many countries in Africa and Latin America, and to a lesser extent the Middle East. The West, understandably, is most interested in and concerned about how China directly impinges upon it, but in fact China's changing relationship with the developing world is of rather greater import in China's emergence as a nascent global power. China's overseas investment increased by more than five times between 2000 and 2005, reaching $11.3 billion, and has continued to rise sharply, with East Asia the most important destination (accounting for over half in 2004), and Latin America, Africa and the Middle East of growing importance.[2] In 2000 President Hu Jintao toured Brazil, Argentina, Chile and Cuba, paving the way for a series of deals which have resulted in much closer economic links. Brazil now exports large quantities of iron ore, soya beans, cotton, timber and zinc to China, Argentina supplies large quantities of soya, Chile is exporting growing quantities of copper, and Venezuela and China have concluded an agreement for the long-term supply of oil.[3] Until the global downturn in 2008 they were all enjoying a boom on the back of rising commodity prices consequent upon Chinese demand.[4] By 2010, China could become Latin America's second largest trading partner: China, in short, is beginning to make its presence felt in the US's own backyard.[5] By far the most dramatic example of China's Going Global strategy, however, is Africa.

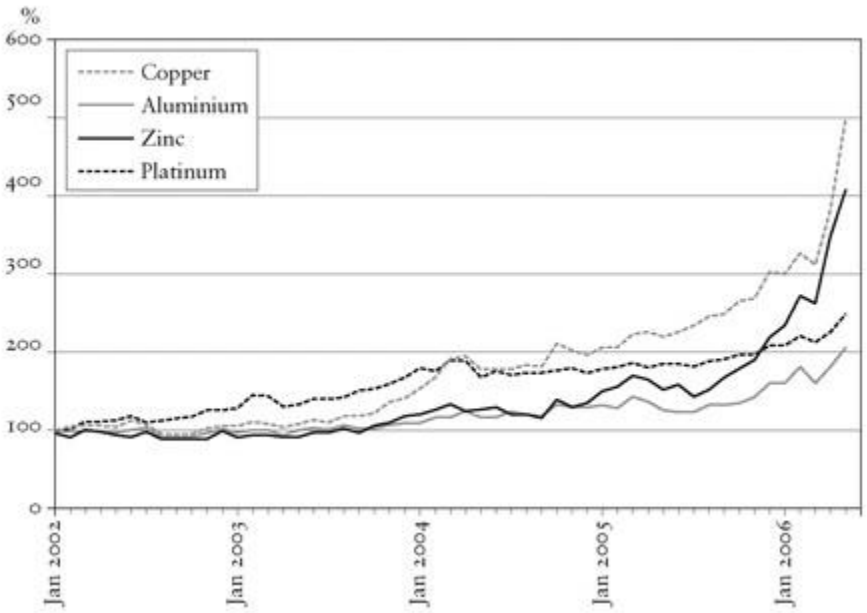


Figure 33. The rising global price of commodities prior to the credit crunch.

AFRICA

The attraction of Africa for China is obvious: it needs a vast range of raw materials to fuel its economic growth. In 2003 China accounted for 7% of the world's consumption of crude oil, 25% of aluminium, 27% of steel products, 30% of iron ore, 31% of coal and 40% of cement.[6] As I discussed in Chapter 6, China is very poorly endowed with natural resources and as a consequence has no choice but to look abroad. Africa, on the other hand, is extremely richly endowed with raw materials, and recent discoveries of oil and natural gas have only added to this. Unlike the Middle East, moreover, which continues to receive enormous American attention, Africa has, in recent years, been relatively neglected, having remained of marginal concern to the US.[7] In 2006 the new relationship between Africa and China was publicly consummated, with Hu Jintao's tour of African capitals

followed in November by heads of state and dignitaries from forty-eight African countries attending the largest summit ever held in Beijing.[8] The Chinese premier Wen Jiabo proposed that trade between China and Africa should double between 2005 and 2010. The Chinese made a range of other undertakings including doubling its 2006 assistance by 2009; establishing a China-Africa development fund of $5 billion to encourage Chinese companies to invest in Africa and provide support for them; increasing from 190 to over 440 the number of export items to China in receipt of zero-tariff treatment from the least developed countries in Africa; providing $3 billion of preferential loans and $2 billion of preferential buyer's credits to Africa over the next three years; cancelling debt in the form of all the interest-free government loans that matured at the end of 2005 owed by the most heavily indebted and least developed African countries; and over the next three years training 15,000 African professionals, sending 100 agricultural experts to Africa, building 30 hospitals and 100 rural schools, and increasing the number of Chinese government scholarships to African students from 2,000 per year to 4,000 per annum by 2009. At the conference major deals were signed, including for the development of an aluminium plant in Egypt, a new copper project in Zambia and a mining contract with South Africa.[9]

	Crude oil	Metals	Wood	Cotton
Angola	100			
Sudan	98.8			
Nigeria	88.9			
Congo	85.9			
Gabon	54.8		42.3	
DRC		99.6		
Ghana		59.8		
S. Africa		45.6		
Cameroon			39.7	
Tanzania			23.4	53.8

Table 3. China's percentage share of certain commodities exported by African states.

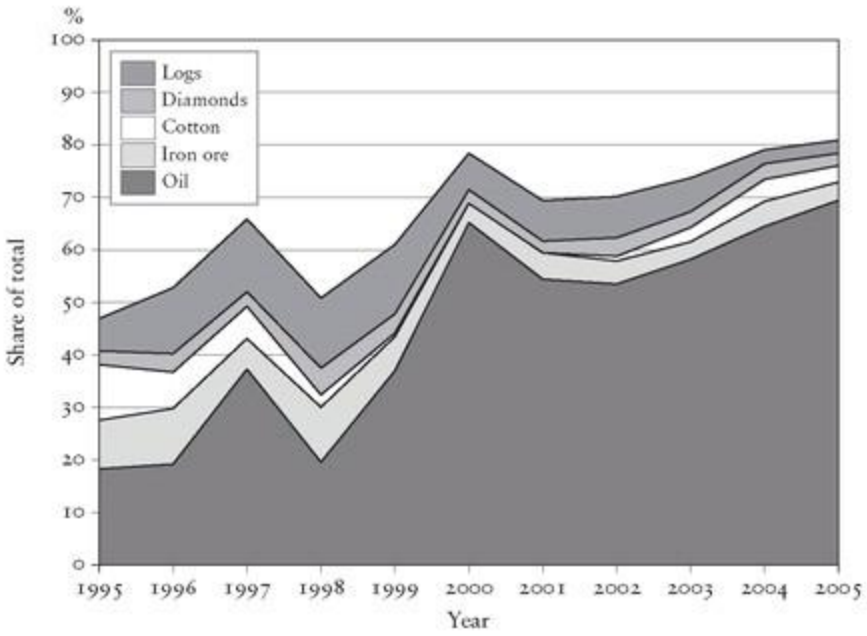


Figure 34. Composition of Chinese imports from sub-Saharan Africa.

Commodity	Africa (reserves)	World (reserves)	Africa relative to world (%)
Platinum group metals (t)	63,000	71,000	89
Diamonds (million carats)	350	580	60
Cobalt (t)	3,690,000	7,000,000	53
Zirconium (t)	14	38	37
Gold (t)	10,059	35,941	28
Vanadium (t)	3,000,000	13,000,000	23
Uranium (t)	656	4,416	15
Manganese (kt)	52,000	380,000	14
Chromium (1,000t)	100,000	810,000	12
Titanium (kt)	63,000	660,000	10
Nickel (kt)	4,205	62,000	7
Coal (mt)	55,367	984,453	6

Table 4. Africa's mineral reserves versus world reserves.

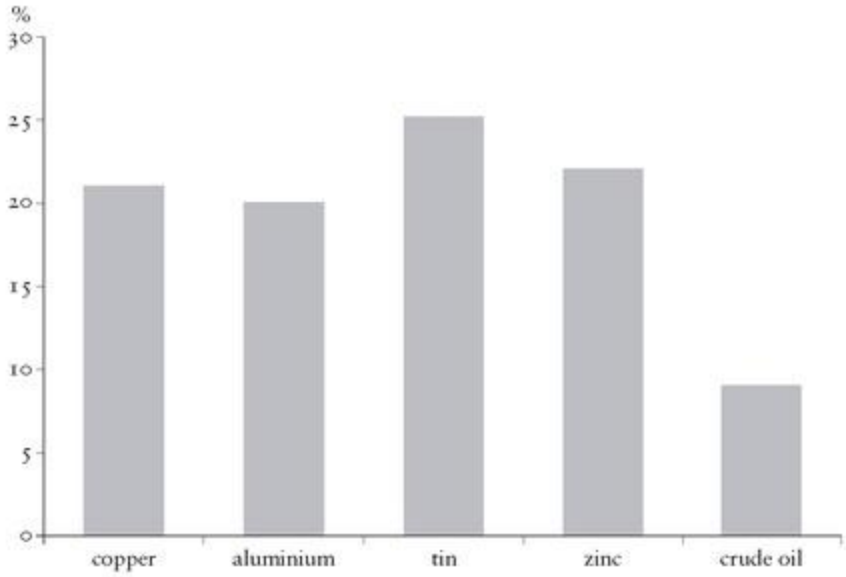


Figure 35. Chinese share of global consumption of commodities in 2006.

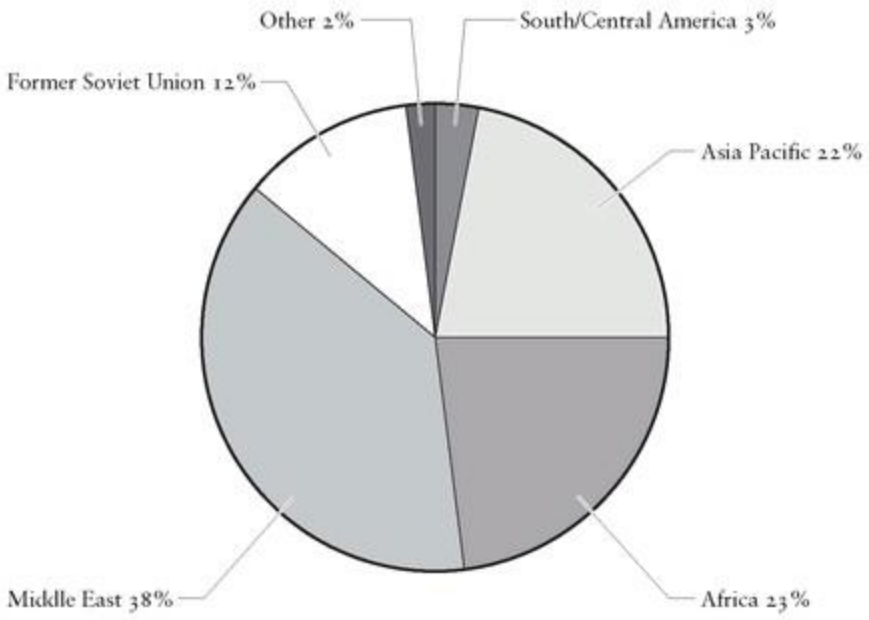


Figure 36. Where does China get its oil from?

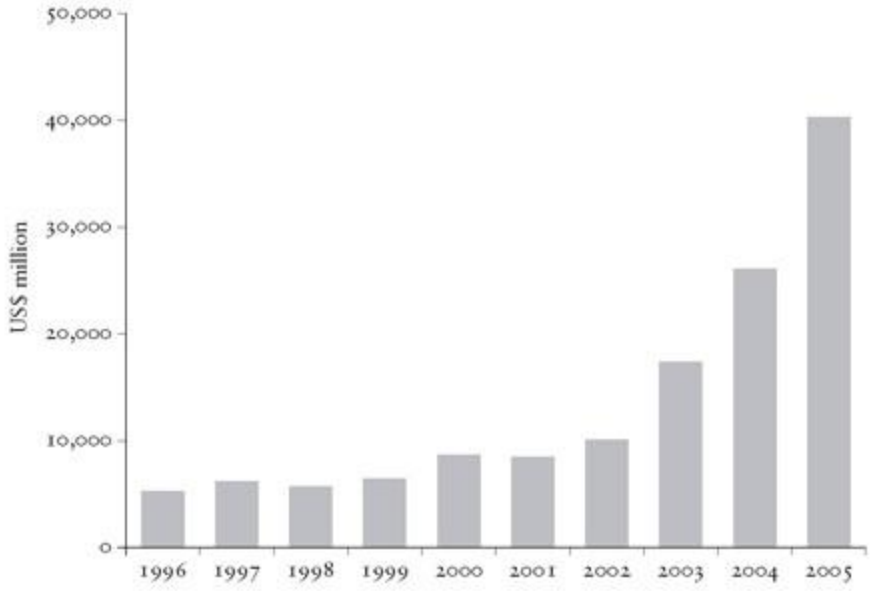


Figure 37. Rapid growth of China's trade with Africa.

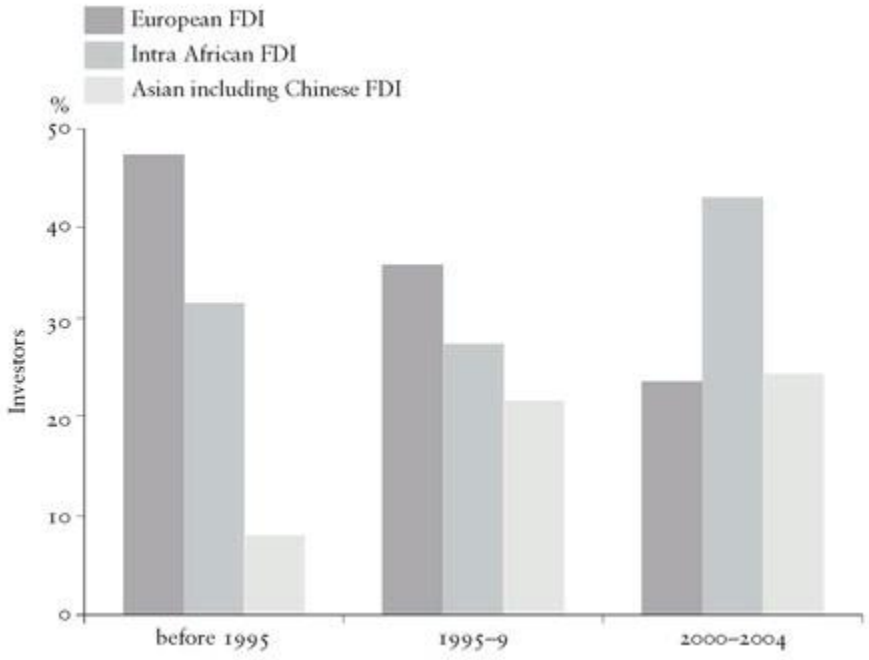


Figure 38. Foreign direct investors in sub-Saharan Africa.

Oil now accounts for over half of African exports to China,[10] with Angola having replaced Saudi Arabia as the country's largest single oil provider, supplying 15 per cent of all its oil imports.[11] China has oil interests in Algeria, Angola, Chad, Sudan, Equatorial Guinea, Congo and Nigeria, including substantial exploration rights, notably in Angola, Sudan and Nigeria. Sudan exports half of its oil to China, representing 5 per cent of the latter's total oil needs.[12] Already over 31 per cent of all China's oil imports come from Africa and that is set to rise with the purchase of significant stakes in Nigeria's delta region.[13] Over the past decade, China's imports in all the major primary commodity categories, except ores and metals, grew much more rapidly from Africa than from the rest of the world. Africa now accounts for a massive 20 per cent of China's total timber imports.[14] China has overtaken the UK to become Africa's third most important trading partner after the United States and France, though Africa still accounts for only 3 per cent of total Chinese trade.[15] While the value of US-Africa trade in 2006 was $71.1 billion, China-Africa trade is rapidly closing the gap at $50.5 billion.[16] With 800 China-financed projects, valued at around $1.25 billion in 2005 - before the 2006 conference -

Chinese investment in Africa still accounts for only around 1 per cent of total foreign investments in Africa, but future projections suggest that China will very soon become one of the three top investors in the continent after France and the UK.[17] It seems only a matter of time before China becomes Africa's largest trading partner and its biggest source of foreign investment, probably by a wide margin, though India may one day emerge as a serious competitor.

The evidence of the growing Chinese presence in Africa is everywhere: Chinese stallholders in Zambia, Chinese lumberjacks in the Central African Republic, Chinese tourists in Zimbabwe, Chinese newspapers in South Africa, Chinese geologists in Sudan, Chinese channels on African satellite television.[18] There are estimated to be over 900 large- and medium-sized Chinese companies now operating in Africa,[19] together with a vast number of small-scale entrepreneurs, especially in the retail trade. Chinese shops, in particular, have proliferated with great speed, at times causing considerable alarm in the local African population: in Oshikango, Namibia, for example, the first shop was opened in 1999, by 2004 there were twenty-two shops, and by 2006 no less than seventy-five. In the Senegalese capital Dakar an entire city boulevard, a stretch of about a kilometre, is lined with Chinese shops selling imported women's shoes, consumer durables such as glassware, and electronic goods at rock-bottom prices.[20] The rapidly growing number of direct flights between China and Africa are packed with Chinese businessmen, experts and construction workers; in contrast, there are few direct flights between Africa and the US, and the passengers are primarily aid workers with a smattering of tourists and businesspeople.[21] The Chinese population in Africa has increased rapidly. It is estimated that it numbered 137,000 in 2001 but by 2007 had grown to over 400,000, compared with around 100,000 Western expatriates, and even this could be a serious underestimate.[22] A more generous estimate, based on Table 5, suggests a Chinese population of over 500,000, but this is excluding Angola, where the figure is estimated at 40,000, and various other countries as well.[23] The present wave of Chinese migration is very different from earlier phases in the late nineteenth century and in the 1950s and 1960s. Apart from being on a much greater scale, the migrants now originate from all over China, rather than mainly from the south and east, and comprise a multitude of backgrounds, with many seemingly intent on permanent

residence; the process, furthermore, is receiving the active encouragement of the Chinese government.[24] The burgeoning Chinese population is matched by a growing number of prosperous middle-class Chinese tourists. Tourism accounts for a substantial part of foreign exchange receipts in some African countries like Kenya and the Gambia, and it is anticipated that there will be 100 million Chinese tourists annually visiting Africa in the near future.[25] An ambitious tourism complex, for example, on Lumley Beach in Freetown, Sierra Leone - not one of the countries where Chinese influence is most pronounced - is in the pipeline, with an artist's impression in the Ministry of Tourism showing pagoda-style apartments and Chinese tourists strolling around a central fountain.[26] A further significant illustration of the expanding Chinese presence in Africa is the growing contingent of Chinese troops involved in UN peacekeeping operations. In April 2002 there were only 110 Chinese personnel worldwide but by April 2006 this had grown to 1,271 (with China rising from 46th to 14th in the international country ranking): revealingly, around 80 per cent of these troops are in Africa, placing it well above countries such as the UK, US, France and Germany.[27] In total, over 3,000 Chinese peace-keeping troops have participated in seven UN missions in Africa.[28]

China's impact on Africa has so far, it would appear, been positive.[29] First, it has driven up both demand and prices for those many African countries that are commodity exporters, at least until the onset of the global downturn. Sub-Saharan Africa's GDP increased by an average of 4.4% in 2001-4, 5-6% in 2005-6, and a projected 7% in 2007, compared with 2.6% in 1999- 2001,[30] with China clearly the major factor since it has accounted for most of the increase in the global consumption of commodities since 1998.[31] In addition, the growing availability of cheap Chinese manufactured goods has had a beneficial effect for consumers.[32] The losers have been those countries that are not commodity exporters or those producers - as in South Africa, Kenya and Mauritius, for instance - which compete with Chinese manufacturing exports.[33] Chinese textile exports have led to many redundancies in various African nations, notably South Africa, Lesotho and Kenya.[34] Overall, however, there have been a lot more winners than losers. Second, China's arrival as an alternative source of trade, aid and investment has created a competitive environment for African states where they are no longer simply dependent on Western nations, the

IMF and the World Bank. The most dramatic illustration of this has been Angola, which was able to break off negotiations with the IMF in 2007 when China offered it a loan on more favourable terms.[35] China's involvement thus has had the effect of boosting the strategic importance of Africa in the world economy.[36] Third, Chinese assistance tends to come in the form of a package, including important infrastructural projects like roads, railways and major public buildings, as well as the provision of technical expertise. [37] (In contrast, most Western investment in Africa is concentrated in oil and other commodities and lacks the infrastructural dimension.) Fourth, Chinese aid has far fewer strings attached than that of Western nations and institutions. While the IMF and the World Bank have insisted, in accord with their ideological agenda, on the liberalization of foreign trade, privatization and a reduced role for the state, the Chinese stance is far less restrictive.[38] In addition, the West frequently attaches political conditions concerning democracy and human rights while the Chinese insist on no such conditionality. This conforms to the Chinese emphasis on respect for sovereignty, which they regard as the most important principle in international law and which is directly related to their own historical experience during the 'century of humiliation'. In April 2006, in an address to the Nigerian National Assembly, Hu Jintao declared: 'China steadfastly supports the wish of the African countries to safeguard their independence and sovereignty and choose their roads of development according to their national conditions.'[39]

Countries	Latest estimates (years in parentheses)	
Algeria	8,000+	(2006)
Benin	4,000	(2007)
Botswana	3,000–10,000	(2006–7)
Burkina Faso	1,000	(2007)
Cameroon	1,000–3,000	(2005)
Cape Verde	600–1,000	(2007)
Congo (Democratic Republic)	500	(2007)
Cote d'Ivoire	10,000	(2007)
Egypt	6,000–10,000	(2007)
Ethiopia	3,000–4,000	(2006)
Ghana	6,000	(2005)
Kenya	5,000	(2007)
Lesotho	5,000	(2005)
Liberia	600	(2006)
Madagascar	60,000	(2003)
Malawi	2,000	(2007)
Mali	2,000	(2007)
Mozambique	1,500	(2006)
Namibia	5,000–40,000	(2006)
Nigeria	100,000	(2007)
Senegal	2,000	(2007)
South Africa	200,000–300,000	(2007)
Sudan	5,000–10,000	(2004–5)
Tanzania	3,000–20,000	(2006)
Togo	3,000	(2007)
Uganda	5,000–10,000	(2007)
Zambia	4,000–6,000	(2007)
Zimbabwe	5,300–10,000	(2005–7)

Table 5. Number of Chinese in selected African countries, 2003-7.

The contrasting approach of China and Western nations towards Africa, and developing countries in general, has led to a discussion amongst Africans about a distinctive Chinese model of development, characterized

by large-scale, state-led investments in infrastructure and support services, and aid which is less tied to the donor's economic interests and less overwhelmingly focused on the extraction of minerals as in the case of the West.[40] China's phenomenal growth, together with the huge reduction in poverty there, has also provoked enormous interest in what lessons it might offer for other developing nations.[41] An important characteristic of the Chinese model has been the idea of strong government and the eschewing of the notion of democracy, an approach which has an obvious appeal amongst the more authoritarian African governments. In the light of the country's economic success, the Chinese approach to governance seems destined to enjoy a much wider influence and resonance in the developing world. The Chinese academic Zhang Wei-Wei has argued that the Chinese model combines a number of features. In contrast to the Washington Consensus, it rejects shock therapy and the big bang in favour of a process of gradual reform based on working through existing institutions. It is predicated upon a strong developmental state capable of steering and leading the process of reform. It involves a process of selective learning, or cultural borrowing: China has drawn on foreign ideas, including the neo-liberal American model, as well as many that have been home-grown. Finally, it embraces sequencing and priorities, as evidenced, for example, by a commitment to economic reforms first and political ones later, or the priority given to reforms in the coastal provinces before those in the inland provinces.[42] There has been considerable debate, in this context, about a Chinese model, sometimes described as the Beijing Consensus. There are certainly fundamental differences between the Chinese approach and the Washington Consensus, with the Chinese model both markedly less ideological and also distinctively pragmatic in the manner of the Asian tigers.

It is still far too early to make any considered judgement about the likely long-term merits and demerits of China's relationship with Africa.[43] The experience has been brief and the literature remains thin. The most obvious danger for Africa lies in the fundamental inequality that exists at the heart of their relationship: China's economy is far bigger and more advanced, the nearest economic challenger, South Africa, being diminutive in comparison, while the population of Africa as a whole is less than that of China's. The economic disparity between Africa and China, furthermore, seems likely to grow apace. Whatever the differences in approach between the Western

powers and China, it seems likely that many of the problems in the relationship between the West and Africa, emanating from the fundamental structural inequality between them, seem likely to be reproduced in some degree in China's relationship with Africa.[44] The danger facing African countries is that they get locked into being mere suppliers of primary commodities, unable for a variety of reasons - including unfavourable terms of trade and Chinese competition, together with domestic corruption and a lack of strategic will - to move beyond this and broaden their economic development through industrialization.

At a conference in Beijing in 2005, Moeletsi Mbeki, deputy chairman of the South African Institute of International Affairs, spelt out these fears:

Africa sells raw materials to China and China sells manufactured products to Africa. This is a dangerous equation that reproduces Africa's old relationship with colonial powers.[45] The equation is not sustainable for a number of reasons. First, Africa needs to preserve its natural resources to use in the future for its own industrialization. Secondly, China's export strategy is contributing to the deindustrialization of some middle-income countries . . . it is in the interests of both Africa and China to find solutions to these strategies.[46]

Perhaps the country that most exemplifies this inequality is Zimbabwe, where the Chinese enjoy a powerful presence in the economy, controlling key strategic areas like the railways, electricity supply, Air Zimbabwe and the Zimbabwe Broadcasting Corporation.[47] The fact that China has a carefully worked-out and comprehensive strategic approach to its relationship with Africa, while the African response, in contrast, is fragmented between the many different nations, poorly informed about China, and based on an essentially pragmatic rather than strategic view, serves only to exacerbate this inequality.[48] The danger is that African nations enter into agreements with China over the exploitation of their natural resources which are too favourable to China, or use the revenues gained in a short-term fashion, perhaps corruptly, to benefit various interest groups, or possibly both.

Although China's presence has been hugely welcomed across the continent, and has generated considerable enthusiasm,[49] there is also unease

and concern. This has been most manifest in Zambia, where in the last presidential election in 2006 the opposition candidate propounded a strongly anti-Chinese line, declaring that 'Zambia is becoming a province - no, a district - of China', and gained 29 per cent of the vote, prompting the Chinese ambassador to imply that China might withdraw its investments in the event of his winning.[50] One of the strongest and most persistent criticisms is that Chinese companies prefer to employ Chinese rather than local workers, with the proportion of Chinese workers sometimes reaching as high as 70 per cent.[51] There are also frequent complaints that Chinese managers display negative attitudes towards local people.[52] Both of these, of course, touch directly upon the problem of Chinese attitudes towards those of darker skin, and especially Africans, which I discussed in Chapter 8. The evidence is still too sparse to draw any proper conclusions as yet, though the problem is unsurprising. There is a widely held view, especially in the West, that China's refusal to require any conditionality in terms of governance means that it is prone to turn a blind eye to human rights abuses, such as those in Darfur.[53] That has certainly been the case, but the Chinese have recently shown growing sensitivity towards Western criticism, as well as that from within the continent, and as a result have helped to pressure the Sudanese government into accepting the presence of a joint United Nations/ African Union peacekeeping force in Darfur.[54] There is little evidence, however, that China's record in Africa is any worse - and in fact is almost certainly far better - than the West's own miserable catalogue of support for corrupt and dictatorial regimes on the continent, not to mention its colonial legacy.[55] Finally, in a rather different vein, the Chinese have become the target of terrorist groups, for example in the Niger Delta and Ethiopia, a phenomenon which is surely set to grow as the Chinese presence and influence expands and they assume the role, visibility and responsibilities of a global power not only in Africa but elsewhere too.[56]

The significance of China's African mission is enormous. Its rapidly growing influence suggests that in due course it will probably become the dominant player on the continent, and serves as a bold statement of China's wider global intentions. The speed of China's involvement in Africa, and its success in wooing the African elites, has put the West on the defensive in a continent where it has a poor historical record.[57] Unlike the 'scramble for

Africa' in the late nineteenth century, which generated bitter intra-European rivalry, China's involvement has not as yet produced significant tensions with the US, Britain or France, though that could change. The recent establishment of the United States Africa Command to coordinate its military relations and activities on the continent suggests that it is concerned about China's growing influence; as of late 2008, however, the US had failed to find an African location for its headquarters, stating that it would be based in Stutt gart for the foreseeable future. Apart from the rather more attractive terms that China offers African countries, one of the reasons for its remarkable progress on the continent is that it does not carry the same kind of historical baggage as the West, a fact which it regularly stresses. In this context China has emphasized that Zheng He's voyages to East Africa in the early fifteenth century sought no territory and took no slaves, in contrast to the Europeans. More importantly, during the Maoist period China was, in contrast to the West, a staunch supporter of the African independence movements. Thus China, with its own experience of colonization, its anti-colonial record and its status as a developing country, has more legitimacy and enjoys a greater affinity with the African nations than does the West.[58] This is reflected in the fact that in the 2007 Pew Global Attitudes Survey, for example, respondents in ten African countries expressed far more favourable attitudes towards China than they did towards the United States.

THE MIDDLE EAST AND IRAN

Nearly two-thirds of the world's proven oil reserves are concentrated in the Arabian Gulf, with Saudi Arabia controlling over a quarter, and Iraq and Kuwait sharing a little under a quarter. These three countries control about half of the world's known oil reserves. Another potentially large producer in the region, Iran, accounts for a little under a tenth of world oil reserves. The Gulf States are responsible for nearly 40 per cent of world crude oil exports, with Saudi Arabia's share around 12 per cent and Iran's 7 per cent. China became a net importer of oil products in 1993 and of crude oil in 1996.[59] It is estimated that by 2020 China will have to import in the range of 57-73

per cent of its oil requirements.[60] China first became seriously concerned about its future oil supplies during the 1990s and as a result began to take steps to ensure their reliability. Until 2006 its biggest single supplier was Saudi Arabia, but Iran is also very important. It would therefore be natural for China to seek a much closer relationship with the Middle East. Unlike Africa, however, the region is regarded by the Americans as its sphere of influence. The US has become increasingly embroiled in the Middle East over the last thirty years, building extremely close relations with Israel and Saudi Arabia in particular, and becoming involved in two Gulf Wars with Iraq, the second largest oil producer, with the invasion in 2003 culminating in the country's occupation. The Chinese, as a consequence, have trodden very warily in the region for fear of antagonizing the United States, whose relationship, ever since the reform period began, it has prioritized over all others. In contrast to Africa, which has clearly now assumed a central importance in its foreign policy, China regards the Middle East, as a result, as of only second-tier significance. [61] Over the last few years it has employed various strategies to try to secure its oil supplies from the region. It has sought to negotiate long-term energy supply arrangements, most notably a 'strategic oil partnership' with the Saudis in 1999;[62] Chinese oil companies have tried to gain rights to invest and develop oilfields in the region; and, finally, China has encouraged companies in the Gulf to invest in Chinese refineries in order to try to promote closer links.[63]

At the heart of China's strategy in the Middle East lies Iran, with which it has long enjoyed a close relationship. The two countries have much in common. They are both very old civilizations with rich histories of achievement and a strong sense of superiority towards other states in their respective regions. They have also both suffered at the hands of the West, which they deeply resent, believing they would prosper rather more in a world no longer dominated by it. Although interests rather than attitudes have primarily driven their relationship, there is a certain sense of affinity between the two countries.[64] As an emergent global power, China naturally seeks friendly relations with more powerful states as this in turn is likely to enhance its own influence,[65] and Iran very much falls into this category. China nevertheless has acted cautiously in its relationship with Iran, concerned to preserve its international reputation in the face of the militant Islamic ideology of the Iranian regime post-1979. The single most important constraining factor in China's stance towards Iran, however, has

been the attitude of the United States. China has walked a skilful diplomatic tightrope, at times cooperating with Iran in ways contrary to US policy and at other times cooperating with the United States in ways contrary to Iranian policy. Until quite recently it managed to thwart American attempts to impose economic sanctions on Iran and it successfully resisted efforts to excommunicate Iran after it had been branded as a member of 'an axis of evil' by the Bush administration.[66] China's economic relationship with Iran began to grow after the departure of the US and UK following the 1979 Revolution. The key to their blossoming partnership has been China's export of large quantities of high-tech capital goods, engineering services and arms to Iran in exchange for oil and raw materials, with trade between the two countries growing extremely rapidly during the 1990s.[67] In 2003 two major Chinese motor vehicle manufacturers established production plants in Iran. China negotiated a major package of oil deals in 2004, as a result of which it became a major stakeholder and one of the largest foreign investors in the Iranian oil industry, in addition to Iran being one of its biggest suppliers of oil.[68] And it signed a further major agreement in 2007 to develop part of the giant Yadavaran oilfield.[69]

The future of China's relationship with Iran is open-ended. China remains constrained by the need to maintain good relations with the United States, and nowhere are American sensitivities greater than in the Middle East. The US regards Iran as an alternative power broker in the region and a major potential threat to its interests - hence its long-running hostility towards Iran. In the long run, China would probably be content to see Iran playing a major, perhaps even dominant, role in the Gulf region, given that it will be a long time, if ever, before China itself could perform such a role; every global power needs allies and Iran is China's natural ally in the Middle East. As the international relations expert John Garver argues, a dominant China in East Asia combined with a dominant Iran in West Asia could ultimately become 'a central element of a post-unipolar, China-centred Asia in the middle of the twenty-first century'.[70] Possibly China is thinking in these terms for a future multipolar system.[71] Meanwhile, in order to keep its options open, China is likely to continue to help build up Iran while seeking not to antagonize the United States. The desire of the Obama administration to bring Iran in from the cold could make life easier for the Chinese on this score.

There are other possible long-term scenarios. China's highest priority is Taiwan, and the biggest obstacle in the way of reunification is American military support for the island. The most likely cause of military conflict between China and the US is Taiwan; and in the event of war, China would be extremely anxious about the security of its maritime oil supply routes, especially in the Malacca Strait and the South China Sea, which could easily be severed by the US's superior air and naval power. In such an eventuality, Iran could at some point offer the possibility of a land-based supply route from West to East Asia. But there is another possible future scenario, namely that China and the US could arrive at some kind of trade-off involving Taiwan and Iran in which the US agrees to stop sending weapons to Taiwan and China volunteers to do the same with Iran. In effect, China would agree to sacrifice Iran in return for Taiwan, its greater foreign policy priority. Such a deal would represent a tacit recognition that East Asia was China's sphere of influence and the Middle East, America's.[72]

RUSSIA

During the 1980s, after two decades of bitter antagonism, China's relations with the Soviet Union began to improve. It was the collapse of the Soviet Union in the early nineties, however, that was to provide the conditions for a complete transformation in the relationship between the two countries. Russia became a pale shadow of its former Soviet self, with only half of its former GDP and less than half of its previous population, though still with around 80 per cent of its old territory.[73] Meanwhile, China embarked on its reform programme and enjoyed non-stop double-digit growth. Together, these two developments represented a huge shift in the balance of power between the two countries, with China now in a far more powerful position than its erstwhile rival. During the nineties the two countries finally agreed, after centuries of dispute, on a common border, which, at 2,700 miles, is the longest in the world. From being a highly militarized region, the border became a centre of trade and exchange. The resolution of the frontier issue enabled Russia and China to withdraw large numbers of troops from either side of the border, Russia to Chechnya and (in response to NATO's

expansion) its Europe-facing territory, and China to the Taiwan Strait.[74] In the steadily improving atmosphere between the two, they established, along with several newly independent Central Asian nations, the Shanghai Cooperation Organization, for the purpose of promoting collaboration and improving security in the region. A shared, overarching Sino-Russian concern about the overweening power of the United States in the post-Cold War world, with Russia feeling particularly vulnerable following the collapse of the Soviet Union and China relatively isolated after Tiananmen Square, was a major factor in the signing of a strategic partnership agreement between the two countries in 1998.[75]

Nonetheless, there must be severe doubts as to the strategic potential of their relationship. The underlying problem is Russia's sense of weakness, on the one hand, and China's growing strength, on the other. Although the rapprochement had much to do with Russia's sense of vulnerability following the collapse of the Soviet Union and its desire to make peace with its neighbours, that frailty also left it feeling insecure and suspicious of China. The most obvious expression of this anxiety is to be found in the Russian Far East, where a population of a mere 7.5 million confronts a population of 112 million in the three provinces of China's north-east. Now that the border has been made porous, numerous Chinese have crossed into Russia to seek work and ply their trade. In 1994 Russian estimates put the number of Chinese residents in Russia's Far East at 1 million, compared with a Chinese estimate of less than 2,000. According to some demographic projections, Chinese could be the second largest minority ethnic group in the Russian Federation by 2051. Exacerbating these fears is the demographic crisis facing Russia since the collapse of the Soviet Union, with one estimate suggesting that its population will fall by 3 million between 2000 and 2010 to 142 million.[76] The Russian fear of being overrun by Chinese immigration speaks both of old prejudices and new fears. The size of the Chinese population tends to arouse these anxieties elsewhere, but they are compounded in Russia's case by a long history of prejudice and conflict, the huge demographic imbalance between the two countries, and their long border.

The fact that Russia is rich in oil, gas and many other commodities - as well as being its major supplier of weapons - clearly makes it a very attractive partner for China. But Russia has proved a difficult collaborator, loath to meet its needs, certainly on the terms desired by China. In a long-

running saga over the route of a new Russian east-west oil pipeline, with Russia reluctant to concede that it should go to China, as proposed by the Chinese, an agreement was finally reached in February 2009 that there would indeed be a branch to China, in return for Chinese loans to Russian firms.[77] The Russians are wary of becoming trapped in a relationship with China where they are reduced to being the provider of raw materials for their economic powerhouse neighbour.[78] Since the turn of the century, indeed, the Russians have become increasingly protective of their oil and natural gas interests, aware that, in its weakened state, these are hugely their country's most valuable assets, especially in a global market where prices, until the credit crunch, were moving rapidly in their favour. Having rolled back American, European and Japanese stakes in its oil industry, Russia is hardly likely to grant Chinese oil companies a similar interest in the future. Moreover, having embraced resource nationalism under Vladimir Putin, Russia is now driving very hard bargains over its oil and gas with both Europe and its former territories. The Russian suspicion of Chinese intentions extends to the Central Asian nations that previously formed part of the Soviet Union. Russian sources, it has been reported, revealed in August 2005 that one reason for Moscow's haste in seeking to enter the former American base at Karshi Khanabad in Uzbekistan is that China had made discreet expressions of interest in acquiring it themselves. [79] China has found itself confronted with many obstacles in its desire to acquire oil interests in Central Asia, even in Kazakhstan, where it has its only major oil stake in the region; the considerable resistance and suspicion would seem to have been encouraged by Russia, which regards Central Asia as its rightful sphere of influence.[80]

None of this is to suggest that the relationship between China and Russia is likely to deteriorate, though that is not inconceivable should Russian fears about the rise of China become acute, perhaps even persuading Russia, in extremis, to turn westwards and seek some kind of solace with the European Union or NATO. It does, however, indicate that serious tensions arising from the major imbalance of power between them are likely to constrain the potential for the relationship becoming anything more than an arrangement for maintaining their bilateral relations in good order, which, given their troubled history, would in itself be no mean achievement.[81] For the time being, at least, a strong mutual concern about US power is likely to bind the two countries together, as it has already, in a

limited but significant way, on issues like Iraq and Iran. At the same time trade between the two has been increasing very rapidly, with a five-fold rise between 2000 and 2007. Russia's intervention in Georgia and subsequent recognition of South Ossetia and Abkhazia as independent states in 2008 were not well received in Beijing although there was no official criticism, simply an expression of concern. It was a further reminder that relations between the two powers are far from simple.[82]

INDIA AND SOUTH ASIA

China and India have much in common. They are both hugely populous countries, demographic superpowers, which are in the process of dramatic economic transformation. Between them they account for almost 40 per cent of the world's population. They are both continental giants, China a dominating presence in East Asia and India similarly in South Asia. By the mid twenty-first century, they could both be major global powers. Together they threaten to redraw the shape of the world, tilting it massively towards Asia while at the same time projecting a new kind of nation-state of continental proportions in terms of both territory and population, a very different kind of global order from when the world was dominated by a handful of small- and medium-sized European nation-states. It is hardly surprising, then, that China and India are frequently bracketed together. Despite these similarities, however, in many respects the differences between them could hardly be greater, as symbolized by their long border running through the Himalayas, the greatest natural land barrier in the world, which serves to mark out what can only be described as a political and cultural chasm between the two countries. China has the longest continuous history of any country while India is a much more recent creation, only acquiring something like its present territory, or at least two-thirds of it, during the later period of the British Raj.[83] Chinese civilization is defined by its relationship to the state whereas India's is inseparable from its caste society. India is the world's largest democracy while in China democracy remains a largely alien concept. China has a powerful sense of identity and homogeneity, in contrast to India, which is blessed with a

remarkable pluralism embracing many different races, languages and religions. These cultural differences have served to create a sense of otherness and distance and an underlying lack of understanding and empathy. It is true that India gave China Buddhism, and that there were many other intellectual exchanges between the two countries during the first millennium and beyond, but these are now largely forgotten. [84]

For over fifty years relations between the two countries have been at best distant and suspicious, at worst antagonistic, even conflictual. After 1988 they took a turn somewhat for the better, but despite the warmer diplomatic words, there remains an underlying antipathy. There are two main causes. First, notwithstanding joint working groups and commissions, the two countries have failed to reach agreement on their border. And it was conflict over the border which led directly to the Sino-Indian War in 1962 when China inflicted a heavy military defeat on India which still rankles to this day.[85] Second, far from exercising unchallenged hegemony in South Asia, India finds itself confronted by Pakistan, Bangladesh, Nepal and Myanmar, all of which China has deliberately befriended as a means of balancing against India, with these countries embracing China as a way of offsetting India's dominant position in South Asia. Of these relationships, the most important is that between China and India's sworn foe Pakistan, which, thanks largely to China, possesses nuclear weapons. China's shrewd diplomacy has meant that India has constantly been on the back foot in South Asia, unable to assert itself in the manner which its size would justify. India has proved much less diplomatically adept, failing to establish its hegemony over South Asia and not even trying to develop a serious influence in East Asia, notwithstanding the large Indian diaspora in South-East Asia, with which it has singularly failed to establish any meaningful kind of relationship.[86]

There are two possible outcomes in terms of their future relationship. First, China could accept that South Asia is, in effect, India's rightful sphere of influence. In practice, this seems rather unlikely. Chinese influence in the region is too extensive and too well established for it to be rolled back or for China to concede that this should happen. It is an outcome which both China and its formal and informal allies in the region would resist. Furthermore, given China's growing strength relative to India, it is probably less likely than at any time in the last half-century. Second, India could accept that China's presence in South Asia is permanent and resolve to

accommodate itself to this reality by, for example, conceding that an Indian-Chinese partnership is necessary for handling security problems in the region. In the longer run, this could even mean that India acquiesces in China's pre-eminence in South Asia as well as in East Asia.[87] In this context, a major Chinese objective is to prevent the creation of any barriers which might impede the long-term growth of its presence, role and influence in Asia; other examples of this are its resistance to the widening of the US-Japan alliance and its refusal to accept any multilateral approaches or solutions to the sovereignty of the disputed islands in the South China Sea.[88] The latter scenario - Indian acceptance of China's role in South Asia - would be consonant with this objective. In reality, of course, India has been obliged over many years to adapt - de facto at least - to the growing power of China in South Asia, so elements of this scenario already exist in tacit form.[89]

China's rapid economic growth has underpinned its growing strength in South Asia. In 1950 the per capita income of India was around 40 per cent greater than that of China; by 1978 they were roughly on a par. By 1999, however, China's was not far short of being twice that of India's.[90] Furthermore, although India's growth rate has steadily risen in recent years, it still remains significantly below that of China: in other words, China is continuing to extend its economic lead over India. Although India enjoys some economic advantages over China, notably its prowess in software, the software industry only accounts for a very small proportion of its labour force. Manufacturing accounted for a little over a fifth of India's GDP in 2003 compared with over a half of China's, while 59 per cent of India's population was still employed in agriculture in 2001 compared with less than half in China.[91] China's economy is now three times as large as that of India,[92] with the gap extending. Even if India's growth rate overtakes that of China, it would take a very long time for the Indian economy to become as large as the Chinese. In short, China's economic power is likely to overshadow that of India at least in the medium term, if not much longer.

This makes the second scenario - India being obliged to live with and adapt to China's power and presence in South Asia - rather more probable. It also increases the likelihood that China will emerge over time not only as the dominant power in East Asia but in South Asia as well. There is, however, an important rider to this, as the rules of the game appear to be chang-ing in a significant way. During the second term of the Clinton

administration, the United States established a strategic partnership with India which was extended in 2006 by the Bush administration to include nuclear cooperation, an agreement which was eventually approved by the Indian parliament in 2008.[93] The agreement violated previous American policy by accepting India's status as a nuclear power, even though it was not a signatory to the Non-Proliferation Treaty. This was a pointed reminder that US policy on nuclear proliferation is a matter of interest and convenience rather than principle, as the contrasting cases of Iran and Israel in the Middle East also illustrate. The reason for the American volte-face was geopolitical, the desire to promote India as a global power and establish a new US- India axis in South Asia as a counter to the rise of China.[94] During the Cold War relations between India and the US were distant and distrustful, and even after 1989 they improved little, with the US pursuing an even-handed approach to India and Pakistan and imposing sanctions on India after its nuclear tests in 1998. It is testimony to the growing American concern about China that the US was persuaded to engage in such a U-turn. For its part, India's position had previously been characterized by its relative isolation: apart from its long-standing alliance with the former Soviet Union, its determinedly non-aligned status had led it to resist forming strategic partnerships with the major powers or even second-tier ones.[95] But there is unease amongst sections of the Indian establishment, especially the military, about China's growing power.[96] Depending on how the US- India partnership evolves, it could dramatically change the balance of power between China and India in South Asia, persuading China to act more cautiously while at the same time emboldening India.[97] The US-India partnership raises many questions and introduces numerous uncertainties. If it proves effective and durable, then it could act as a significant regional and global counter to China. How China will respond remains to be seen: the most obvious move might be a closer relationship with Pakistan, but it is not inconceivable that China might decide to seek a strategic rapprochement with India as a means of fending off the United States and denying it a major presence in South Asia.

Map 13. Territory Disputed by China and India

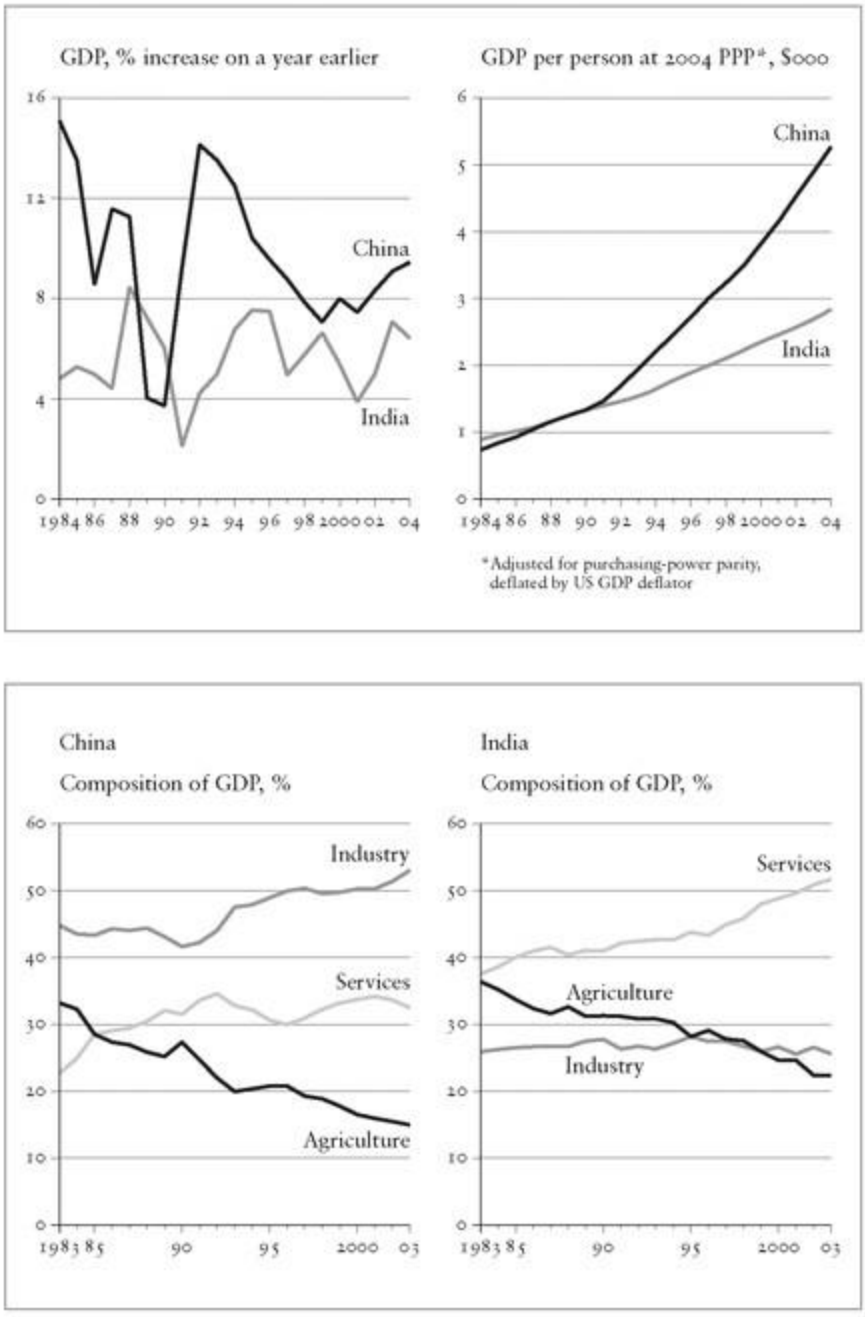


Figure 39. Comparative economic performance of China and India.

EUROPE

China’s relationship with Europe is significantly different from that with the United States. While the US- China relationship has been a more or less continuous source of domestic debate and controversy, the Europe-China relationship has, until recently, attracted relatively little attention. Relations between Europe and China have hitherto been relatively straightforward and conflict-free. Historically this is a little ironic. After all, it was the European powers, starting with Britain and the Opium Wars, which colonized China, with the United States very much a latecomer to the process. The ‘century of humiliation’ was about Europe, together with Japan, with the United States playing no more than a bit part. The present relationship between Europe and China has been low profile largely because Europe, apart from its economic interests, is no longer a major power in East Asia, a position it relinquished to the United States in the aftermath of the Second World War. That Europe is largely invisible in such an important region of the world bears testimony to its post-1945 global decline and its retreat into an increasingly regional role, a process which continues apace and is likely to accelerate with the rise of China and India.[98] With the exception of the euro, discussion of Europe’s wider global role is largely confined to what is known as ‘normative power’, namely the promotion of standards that are negotiated and legitimized within international institutions.[99] Nonetheless, with an economy rivalling that of the United States in size, together with the fact that it forms the other half of the Western alliance, Europe’s attitude towards China is clearly of some importance.

For the most part, Europe’s response to the rise of China has been low-key, fragmented and incoherent. This is because the European Union lacks the power and authority to act as an overarching centre in Europe’s relations with nations such as China. As a result, Europe generally speaks with a weak voice and more often than not with many voices. The European Union is not a unitary state with the capacity to think and act either strategically or coherently, but an amalgam and representative of different interests. [100] Europe’s economic relationship with China has grown enormously over the last decade, with a massive increase in imports of cheap Chinese manufactured goods and a very large rise in European exports to China, mainly of relatively high-tech capital goods, especially from Germany. This has resulted in a growing European trade deficit with China as well as a loss of jobs in those industries that compete directly with Chinese imports. Until

recently this has aroused very little political debate, certainly nothing like that in the United States. There are several reasons for this. Europe's trade deficit with China has been much smaller than the US's, although this is now changing. Political attention is centred not so much on Europe's deficit but on that of individual countries, and even these have so far attracted relatively little concern. In contrast to the United States, there has been little debate about the exchange rate between the renminbi and the euro, though the appreciation of the euro against the renminbi prior to the global recession led to growing European anxiety and representations to Beijing about the need for a revaluation of their currency. Finally, Europe has been overwhelmingly preoccupied with the effects of the recent enormous enlargement of the EU, not least the large-scale migration of workers from Eastern and Central Europe to Western Europe,[101] which has had a much greater impact, and certainly been more politically sensitive, than China.

As a consequence, the levels of concern in Europe about the economic repercussions of China's rise have been relatively muted; but with increased anxiety about the value of the renminbi and the growing trade deficit, there have been signs that this might change.[102] The predominant view in most countries has been that China's rise has on balance been beneficial because of its negative effect on consumer prices, though in the less developed European countries like Portugal and Greece, together with the new entrants - all of which compete in varying degrees with China - the attitude has been more mixed.[103] However, the credit crunch and the onset of a depression has kindled a mood of anxiety in many European countries, perhaps especially France and Italy, about the effects of globalization and the impact of China's rise.[104] The result has been increased economic tension with China, raising the possibility of limited forms of action, such as anti-dumping duties and anti-subsidy tariffs, against Chinese imports.[105] While previously China's economic rise was seen as largely benign, and for the most part beneficial, the mood has become less sanguine amid growing concern about its possible consequences for Europe. A further factor fuelling this anxiety is the fear of investments by Chinese multinationals and by the Chinese Investment Corporation in key European industries.

In the longer run, as Chinese companies progressively move up the technological ladder and develop brands which compete head-on with those from Europe, the number of losers could escalate considerably and fuel a demand for protection against 'unfair' competition from China, perhaps

culminating in Europe steadily raising protectionist barriers against China, a move which would have profound political repercussions.[106] At this stage, however, it is premature to predict what the likely political effects of China's growing competitive challenge to Europe might be in the future.

The lack of any serious European diplomatic or military presence in East Asia means that, unlike the United States, which remains the key arbiter of security in the region, Europe has no major geopolitical conflicts of interest with China. When it comes to Taiwan, the Korean Peninsula or the US-Japanese alliance, all critical issues of US concern, Europe is no more than a spectator. It has no involvement in the United States' bilateral alliance system in the region. As a result, Chinese-European relations are unencumbered by such considerations.[107] The nearest such issue has been the European embargo on the supply of arms to China, which was introduced after Tiananmen Square and which China has lobbied hard to get lifted. Although the European Union eventually obliged in 2005, it rapidly reversed the decision in response to huge pressure from the United States, which turned the issue into something akin to a vote of confidence in the Atlantic Alliance. Only by making it an article of faith in the West did the US manage to hold the line, suggesting that Europe may, up to a point, be prepared to think for itself when it comes to its relations with China.[108] This is not to suggest that in the long run Europe is likely to detach itself from the United States in favour of China - that is virtually inconceivable - but the reaction of key European nations like Germany and France to the American invasion of Iraq showed that much of Europe was no longer prepared slavishly to follow the US. It is reasonable to surmise that relations between the US and Europe are likely to improve significantly during the Obama presidency, though they are unlikely to return to the intimacy of the Cold War period. With the rise of China and the importance of the Middle East, the transatlantic relationship is no longer pivotal for the US in the way that it once was: rather than being a universal relationship in the mould of the Cold War, the nature of cooperation is likely to vary according to the issue involved.[109] As the focus of global affairs shifts towards the relationship between the United States and China, there is a possibility that Europe might become a freer spirit than previously, and not necessarily always prepared to do the US's bidding. But it is important not to exaggerate any such scenario. Europe is far more likely to take the side of the United States than China's in geopolitical arguments, whether it be

Darfur, trade talks or climate change. For a variety of reasons, historical, cultural, ethnic and economic, Europe is likely to remain very closely wedded to the US in the world that is unfolding.

THE RISING SUPERPOWER AND THE DECLINING SUPERPOWER

While the domestic debate in the United States might often suggest the contrary, ever since the Mao-Nixon rapprochement of 1972 and the subsequent establishment of full diplomatic relations in 1979, the relationship between China and US has been characterized for almost four decades by stability and continuity.[110] Although it has been through many phases - the axis against the Soviet Union, the reform period and modernization, Tiananmen Square and its aftermath, China's rapid growth and its turn outwards in the late 1990s, the rise of Chinese nationalism, and of course a succession of US presidents from Nixon and Reagan to Carter and Clinton - the relationship has remained on an even keel, with the United States gradually granting China access both to its domestic market and the institutions of the international system, and China in return tempering and dovetailing its actions and behaviour in deference to American attitudes. The rationale that has been used to justify the US position has been through various iterations during the course of these different phases, but there has been no shrinking from the underlying approach. It may not be immediately obvious why the US ruling elite has been so consistently supportive of this position, but the key reason surely lies in its origins. The Mao-Nixon rapprochement was reached in the dark days of the Cold War and represented a huge geopolitical coup for the United States in its contest with the Soviet Union. That created a sense of ongoing loyalty and commitment to the relationship with China that helped to ensure its endurance.

China's relationship with the United States has remained the fundamental tenet of its foreign policy for some thirty years, being from the outset at the heart of Deng Xiaoping's strategy for ensuring that China would have a peaceful and relatively trouble-free external environment that would allow it to concentrate its efforts and resources on its economic development.[111]

After Tiananmen Square, Deng spoke of the need to 'adhere to the basic line for one hundred years, with no vacillation',[112] testimony to the overriding importance he attached to economic development and, in that context, also to the relationship with the United States.[113] It was, furthermore, a demonstration of the extraordinarily long-term perspective which, though alien to other cultures, is strongly characteristic of Chinese strategic thinking. The relationship with the United States has continued to be an article of faith for the Chinese leadership throughout the reform period, largely unanimous and uncontested, engendering over time a highly informed and intimate knowledge of America.[114]

The contrast between China's approach towards the United States and that of the Soviet Union's prior to 1989 could hardly be greater. The USSR saw the West as the enemy; China chose, after 1972, to befriend it. The Soviet Union opted for autarchy and isolation; China, after 1978, sought integration and interdependence. The USSR shunned, and was excluded from, membership of such post-war Western institutions as the IMF, the World Bank and GATT; in contrast, China waited patiently for fifteen years until it was finally admitted as a member of the WTO in 2001. The Soviet Union embarked on military confrontation and a zero-sum relationship with the United States; China pursued rapprochement and cooperation in an effort to create the most favourable conditions for its economic growth. The Soviet Union was obliged to engage in prohibitive levels of military expenditure; China steadily reduced the proportion of GDP spent on its military during the 1980s and 1990s, falling from an average of 6.35 per cent between 1950 and 1980 to 2.3 per cent in the 1980s and 1.4 per cent in the 1990s.[115] The strategies of the two countries were, in short, based on diametrically opposed logics.[116] The Chinese approach is well illustrated by Deng's comment: 'Observe developments soberly, maintain our position, meet challenges calmly, hide our capacities and bide our time, remain free of ambition, never claim leadership.'[117] It goes without saying that the relationship between China and the United States during the reform period has been profoundly unequal.[118] China needed the US to a far greater extent than the US needed China. The United States possessed the world's largest market and was the gatekeeper to an international system the design and operation of which it was overwhelmingly responsible for. China was cast in the role of supplicant, or, as China expert Steven I. Levine puts it, the

United States acted towards China ‘like a self-appointed Credentials Committee that had the power to accept, reject, or grant probationary membership in the international club to an applicant of uncertain respectability’.[119] In the longer term, when China is far stronger, this rather demeaning experience might find expression - and payback - in the Chinese attitude towards the United States; it might be seen by them to have been another, albeit milder, expression of their long-running humiliation.

Compared with China’s huge investment in its relationship with the United States, the American attitude towards China, so far at least, stands in striking contrast. Its relationship with China has been seen by the US as one of only many international relationships, and usually far from the most important. As a result, American attention towards China has been episodic, occasionally rising to near the top of the agenda, but for the most part confined to the middle tier.[120] During the first Clinton administration, for example, China barely figured.[121] Although George W. Bush made strong noises against China during his first presidential election campaign, describing it as a ‘strategic competitor’, China sank down the Washington pecking order after 9/11 and relations between the two rapidly returned to the status quo ante.[122] In line with the differential investment by the two powers in their relationship, China’s impressive knowledge of the United States is not reciprocated in Washington beyond a relatively small coterie.[123] Following the collapse of the Soviet Union and the passing of the Cold War, the US was obliged to rethink the rationale for its relationship with China.[124] It was not difficult. With its embrace of the market and growing privatization, China was seen, not wrongly, as moving towards capitalism. Furthermore, given China’s double-digit economic growth and its huge population, it was regarded as offering boundless opportunities for US business.[125] China became a key element in the American hubris about globalization in the 1990s, an integral part of what was seen as a process of Westernization which would culminate in the inevitable worldwide victory of Western capitalism, with the rest of the world, including China, increasingly coming to resemble the United States. Many assumptions were wrapped up in this hubris, from the triumph of Western lifestyles and cultural habits to the belief that Western-style democracy was of universal and inevitable applicability.[126] George W. Bush declared in November 1999: ‘Economic freedom creates habits of liberty. And habits of liberty

create expectations of democracy . . . Trade freely with China, and time is on our side.'[127] Or as Thomas Friedman wrote: 'China's going to have a free press. Globalization will drive it.'[128] It was regarded as axiomatic, American author James Mann suggests, that, 'the Chinese are inevitably becoming like us'.[129] This view, which is still widely held, burdens American policy towards China with exaggerated expectations that cannot possibly be fulfilled.[130] The idea of globalization which lay at its heart was profoundly flawed.

During the course of the 1990s, US policy towards China was assailed by a growing range of different interest groups, from the labour unions which, concerned about the huge increase in Chinese imports, criticized China's trade practices, to human rights groups that protested about the treatment of dissidents and the subjugation of Tibet.[131] While China policy remained a presidential rather than a congressional matter, it was relatively invulnerable to the critics' complaints. However, it should not be assumed that the present American position towards China will inevitably be maintained into the indefinite future. Until the turn of the century, China impinged little on the conduct of American foreign policy, apart from in East Asia, and that was largely confined to the question of Taiwan. True, China's exports to the United States - combined with the lack of competitiveness of the US's own exports - had combined to produce a huge trade deficit between the two countries, but this was mitigated by China's purchase of US Treasury bonds, which fuelled the American credit boom, and the benefit that American consumers enjoyed from the availability of ultra-cheap manufactured goods from China. But as China began to spread its wings at the beginning of the new century - its economy still growing at undiminished pace, the trade gap between the two countries constantly widening, the amount of Treasury bonds held by China forever on the increase, Chinese companies being urged to invest abroad, the state-sponsored quest for a sufficient and reliable supply of natural commodities drawing the country into Africa, Central Asia and Latin America, and its power and influence in East Asia expanding apace - it became increasingly clear that China no longer occupied the same niche as it had previously: across many continents and in many countries, the United States found itself confronted with a growing range of Chinese interests and, as a result, a steady growth in the sources of potential disagreement and conflict between the two countries.[132]

No sooner had the new century begun than two developments suggested that a major change in their relationship was likely, even though it did not appear immediately obvious that this was the case. First, the Bush administration abandoned the previously consensual multilateralist US foreign policy in favour of a unilateralist policy that, amongst other things, embraced the principle of pre-emptive strike. The US turned away from its previous espousal of universalism and towards a nationalism which denied or downplayed the need for alliances. The new strategy placed a priority on military strength and hard as opposed to soft power, a position made manifest in 2003 with the invasion of Iraq. The principle of national sovereignty was subordinated to the desirability of intervention for the purpose of regime-change. A new and aggressive America was born.[133] In the event, an overwhelming majority of nation-states opposed the invasion of Iraq and, according to global opinion polls, an even more decisive majority of their citizens. As the occupation faced growing opposition and was perceived to have failed, the United States became unpopular to an extent not seen in the sixty years since the Second World War.[134] Second, around 2003-5, the moment of China arrived, as global awareness of its transformation, and the meaning and effects of that transformation for the rest of the world, suddenly began to dawn. By accident, these two developments happened to coincide, thereby serving to accentuate their impact.[135] It was widely acknowledged that China was on the rise and there was a slow dawning that the US was not as omnipotent as had previously been thought. There was a growing perception that the balance of power between the two countries was starting to shift in China's favour.[136] The mood in the United States towards China grew more uncertain.[137] James Mann, in his book *The China Fantasy*, challenged what he described as the 'Soothing Scenario', namely the consensus which holds that engaging with China through trade will be to the political and economic advantage of the United States and will ultimately result in a free-market, democratic China. Mann argued that, notwithstanding China's market transformation, it by no means automatically followed that China would become democratic.[138]

The general mood of uncertainty and unease was accentuated by the credit crunch which started in summer 2007 and which a year later brought the American financial sector to its knees, with illustrious names like Lehman Brothers going bankrupt and the few remaining American investment banks forced to renounce their status - Goldman Sachs, the

favoured bank of recent US administrations, amongst them. In an extraordinary volte-face, the government announced a huge bail-out of the financial sector, marking the demise of the deregulated neo-liberal regime which had been the calling card of American capitalism since the late 1970s. In a few spectacular weeks the Anglo-American model had imploded, plunging the Western economies into a serious recession. The fact that the US had been living well beyond its means - and relying on Chinese credit in order to do so - underlined both the fallibility of American prosperity and the shift in the centre of economic gravity from the United States to China.

GROWING CONFLICT

There are a number of issues that seem likely to shape US attitudes towards China and increase the possibility of conflict between the two countries.

The first concerns American attitudes towards globalization. In the 1990s globalization was seen in the US as a win-win situation, a process by which the US left its imprint on, and gained advantage in its relationship with, the rest of the world. In effect, it was something that the United States exported to the world and then reaped the benefits from at home.[139] Now, however, globalization is seen more and more like a boomerang that is returning to haunt the US.[140] Previously, the US was regarded as the overwhelming agent and beneficiary of globalization. Now the main beneficiary is perceived to be East Asia, and especially China.[141] Through globalization, China has transformed itself into a formidable competitor of the United States, with its huge trade surplus, its massive ownership of US Treasury bonds, its consequent power over the value of the dollar, and the fact that it has undermined key sectors of American manufacturing industry, with growing numbers of workers being made redundant. The widening controversy over the value of the renminbi, the safety of Chinese exports such as food and toys, and the frequent accusations of ‘unfair’ competition, are a reflection of growing sensitivity towards China.[142] This is not to suggest that the balance of American opinion has shifted significantly as yet. The winners, above all the US corporate giants that have moved their

manufacturing operations to China and the consumers who have benefited from China prices at home, still considerably outnumber the losers and in any case enjoy much greater power.[143] But this could change. The political consequences of spiralling commodity prices, especially oil prices, which were brought to a premature end by the credit crunch, could, if they had continued, have turned American attitudes towards China in a more negative direction. More pertinently, the threat of a serious and prolonged depression is already leading to growing demands for protection.[144] It is striking that, even before the credit crunch, the number of Americans who thought that trade with other countries was having a positive impact on the US fell sharply from 78 per cent in 2002 to only 59 per cent in 2007.[145]

In the longer term, as Chinese companies relentlessly climb the technology ladder, the US economy will face ever-widening competition from Chinese goods, no longer just at the low-value end, but also increasingly for high value-added products as well, just as happened earlier with Japanese and Korean firms.[146] In that process, the proportion of losers is likely to increase rapidly, as will be the case in Europe too. Such a development could undermine the present consensus in support of free-trade globalization and result in a turn towards protectionism, the most important target of which would be Chinese imports.[147] The impact of the depression, however, suggests that this process may already be happening. If the United States did resort to protectionism, one of the key planks in the Sino-American relationship since the early eighties would be undermined. It would also signal a more general move towards protectionism worldwide and the end of the phase of globalization that was ushered in at the end of the 1970s. The failure of the Doha round is a further indication that this kind of scenario is possible.[148]

This brings us next to East Asia. There is clear evidence, as discussed in the last chapter, of a fairly dramatic shift in the balance of power in what is now the most important economic region in the world, East Asia having overtaken both North America and Europe. Nothing decisive has happened but nonetheless China has palpably strengthened its position, with even established US allies like Singapore and the Philippines now hedging and seeking a closer accommodation with China. Only two countries, in fact, have tried to resist being drawn closer to China - Japan and Taiwan, though both have become deeply involved with China economically. Furthermore, it is clear that, notwithstanding the presence of a large number of its troops,

the American position on the Korean Peninsula has weakened as South Korea has moved much closer to China and the US has been forced to depend on China playing the role of honest broker in defusing the nuclear crisis in the North. The wider significance of these developments in terms of Sino- US relations is that East Asia has, ever since the last war, been a predominantly American sphere of influence, threatened only by a relatively isolated China during the Maoist period and, of course, the US's defeat in the Vietnam War. This can no longer be presumed to be the case. East Asia is now effectively bipolar. The fact that the US's position in East Asia has declined could well have knock-on effects for its commitment to Taiwan, potentially even undermining it.[149] The waning of American influence in East Asia also has implications for its position globally, on the one hand serving to embolden China and on the other acting as a marker and signal for other nations. As yet, there is little sign of any clear American response to these trends, although the Obama administration seems to recognize their importance. The US has been hugely distracted by its entanglement in the Middle East and, as a consequence, has neglected its position in East Asia.[150]

China, meanwhile, has slowly begun to emerge as an alternative model to the United States, a view which the Chinese have cautiously promoted, though in a manner very different from the kind of systemic competition that characterized the Cold War. The growing American emphasis on hard power, especially since 2003, has made it increasingly unpopular in the world and created a vacuum which China in a small way has started to fill, not least with its embrace of multilateralism and its emphasis on its peaceful rise.[151] China's pitch is essentially to the developing rather than the developed world, with its offer of no-strings-attached aid and infrastructural assistance, its respect for sovereignty, its emphasis on a strong state, its opposition to superpower domination and its championing of a level playing field. As a package these have a powerful resonance with developing countries. [152] The main plank of American soft power is the stress placed on the importance of democracy *within* nation-states: China, by way of contrast, emphasises democracy *between* nation-states - most notably in terms of respect for sovereignty - and democracy *in* the world system.[153] China's criticism of the Western-dominated international system and its governing institutions strikes a strong chord with the developing world at a time when these institutions are widely recognized to be

unrepresentative and seriously flawed. Most powerfully of all, China can offer its own experience of growth as an example and model for other developing countries to consider and learn from, something that the United States, as the doyen of developed countries, cannot. East Asia apart, there has been a significant shift of power and sentiment away from the United States and towards China in Africa and Latin America. This should not be exaggerated - it remains embryonic - but it is, nonetheless, significant. Meanwhile the spectacular collapse of the neo-liberal model in the financial meltdown has seriously undermined the wider appeal of the United States, notwithstanding the exhilarating and uplifting effect of Barack Obama's election as president. And the fact, more generally, that the American-run international economic system has been plunged into such turmoil as a result of a crisis which had its origins in the United States has served further to accentuate the loss of American power and prestige.[154]

Finally, there is the question of China's military strength. This has been persistently highlighted by the United States. The Americans attach greater emphasis to military power than anything else, a position which is reflected in their continuing huge military expenditure and the importance they place on maintaining overwhelming military strength in relation to the rest of the world. In the 2002 *National Security Strategy of the United States of America* , such massive military expenditure is advocated in order to 'dissuade potential adversaries from pursuing a military build-up in hopes of surpassing, or equalling, the power of the United States'.[155] The fact is that American unipolarity is overwhelmingly a military phenomenon.[156]

The American argument that China is determined to develop a strong military capacity of its own, beyond what is needed in the context of Taiwan, plays on the fears of many nations, especially in East Asia. China's size and cohesiveness, together with its history of authoritarian rule, arouse doubts enough in the minds of others, so the suspicion that China is also embarked on becoming a military superpower could help to tip the balance of perception towards something closer to paranoia. The political purpose behind the annual Pentagon statements on China's military spending, as well as the not infrequent warnings from members of the Bush administration,[157] has been to create a mood of doubt and distrust, playing in part on old Cold War fears about the Soviet Union.[158] In fact China, as we have seen, has hitherto opted for a different path, one that emphasizes economic growth rather than military capacity. Although it has undertaken a

major modernization of its armed forces, the twin objects of this have been to ensure that China can respond by force if necessary to any declaration of independence by Taiwan, and to pose a sufficient deterrent to any external power that might otherwise contemplate attacking China.[159] Both of these are long-established concerns, the first a product of the civil war, the second a function of China's 'century of humiliation' and its overriding concern for its national sovereignty. China's ability to develop a powerful military is also seriously constrained by the fact that its own technological level remains relatively low and that its only source of foreign arms, given the EU embargo and the US ban, is Russia.[160] As a result, China is much weaker militarily than Japan. It still does not even possess an aircraft carrier, a crucial means of power-projection, unlike ten other countries in the world that do - including the UK, which has three.[161] True, as China's power grows in East Asia and it acquires new responsibilities and commitments there and elsewhere, its military strength is likely to expand in tandem, but how much and in what ways is difficult to predict.[162]

The danger is that at some point the United States and China will be drawn into the kind of arms race that characterized the Cold War and which produced such a climate of fear. There is no doubt that the United States feels rather more comfortable on the terrain of hard power than China, first because its military superiority is overwhelming and secondly because the language of hard power is deeply inscribed on the American psyche - partly as a result of the Cold War and partly as a consequence of the violent manner of the country's birth and expansion, as exemplified by the frontier spirit - in a way that it is not on the Chinese.[163] But there are dangers here for the United States too. The fundamental problem of China for the US is not its military strength but its economic prowess. This is what is slowly and irresistibly eroding American global pre-eminence.[164] If the US comes to see China as primarily a military issue then it will be engaging in an act of self-deception which will divert its attention from addressing the real problems that it faces and in effect hasten the process of its own decline.[165]

These four issues - the United States' attitude towards globalization; the shift in the balance of power in East Asia; China's emergence as an alternative model to the US; and the issue of military power - do not lie at some distant point in the future but are already beginning to unfold; nor do they exhaust the likely areas of friction. As China's power and ambitions

grow apace, the points of conflict and difference between the US and China will steadily accumulate. Such is the speed of China's transformation that this could happen more rapidly than we might expect or the world is prepared for: China-time passes rather more quickly than the kind of time that we are historically accustomed to. It is not difficult to imagine what some of these points of difference might be: growing competition and conflict over the sources of energy supplies - in Angola or Venezuela, or wherever; an intensifying dispute over the expanding strategic partnership between the United States and India; Chinese firms, awash with cash, threatening to take over American firms and provoking a hostile reaction (as happened in the case of the oil firm Unocal); the Chinese sovereign wealth fund, its coffers filled with the country's huge trade surplus, seeking to acquire a significant stake in US firms that are regarded as of strategic importance;[166] and a pattern of growing skirmishes over the militarization of space.[167] Moreover, China being culturally so different from the United States, in a way that was not nearly as true of the USSR, only adds to the possibility of mutual misunderstanding and resentment. Furthermore the fact that China is ruled by a Communist Party will always act as a powerful cause of difference as well as an easy source of popular demonization in the US, with memories of the Cold War still vivid.[168] Any serious, protracted depression could serve to heighten the prospect of friction as countries, in the face of stagnant living standards and rising unemployment, become increasingly protectionist amidst a rising tide of nationalist sentiment.[169]

Potentially overshadowing all these issues in the longer run is the growing threat of climate change and the need for the world to take drastic action to reduce carbon emissions. Under the Bush administration the United States adopted a unilateralist position on this question, refusing to be party to the Kyoto Protocol or accept the near-universal body of scientific opinion. As a developing country, China was not required to sign the Kyoto agreement, but now that it is the largest emitter of greenhouse gases its exclusion is unsupport able from a planetary point of view.[170] Any new climate treaty will be meaningless unless it includes the United States, China and India. But any agreement - involving inevitable conflict between the interests of the developed countries on the one hand and the developed on the other, with China the key protagonist for the former and the United States for the latter - will be very difficult.[171]

If relations between the US and China should seriously deteriorate, any attempt that might be entertained to exclude China from the present international economic system would simply not be an option. China has become so deeply integrated into global production systems that it would be well-nigh impossible to reverse that process. Chinese manufacturing has become a fundamental element in a complex global division of labour operated by the major Western and Japanese multinationals, which presently account for a majority of Chinese exports. The fact that the value added in China (30 per cent or less) is only a small proportion of the total value added because of the extremely low cost of Chinese labour means that any attempt to impose sanctions on Chinese exports, for example, would inflict far greater economic harm on the many other countries involved in the production process, especially those in East Asia, than on China itself.[172] Powerful evidence of China's integration has been furnished by the global recession: from the outset its involvement was regarded as fundamental to any solution and its continuing rapid growth has been seen as vital in limiting the severity of the recession. One might add that the US's options are also limited in East Asia. If it decided to start pressurizing its East Asian allies - such as the Philippines, Singapore and Indonesia - to move away from China, it is not at all clear that it would meet with a positive response; indeed, it is conceivable that such a move might even be counter-productive because, in the event of being forced to choose, these countries might opt for China as the rising power in the region. Finally, if the United States chooses to become more confrontational with China and engages it in an arms race, this could well harm the US's global standing rather more than China's, which is what happened in the case of the invasion of Iraq; and China, for its part, might simply refuse to be drawn into such a military contest.[173] The problem for the United States, meanwhile, is that China's relative economic power, on which all else depends, continues to grow in comparison with that of the US .

THE FUTURE OF THE INTERNATIONAL SYSTEM

A key characteristic of the world's leading power is its ability to create and organize an international economic system to which other nations are willing or obliged to subscribe. Britain's version was the international gold standard system which, prior to 1914, encompassed a large part of the world in some shape or form. In the interwar period, as Britain declined, this gave way to an increasingly Balkanized system based on currency areas, protected markets and spheres of interest. After 1945 the United States became the world's leading power and the new system that was agreed at Bretton Woods, and further elaborated in the years that followed, was essentially an American creation, made possible by the fact that the US economy was responsible for over one-third of global GDP at the end of the war. That system only became truly global when China joined the WTO in 2001 and the former members of the Soviet bloc queued up to join the international system following the collapse of the Soviet Union. With China's growing economic power, the greatest single threat to the United States' global economic pre-eminence, apart from its own decline, lies in China's attitude towards the international system.[174] Since Deng Xiaoping decided that the country's interests would be best served by seeking admission to it, China has become an integral part of the international system, but China's attitude towards it will not necessarily always remain unambiguously supportive.[175]

Take the IMF, for example, of which China is a member. During the Asian financial crisis, Malaysia and Japan proposed that there should be an Asian Monetary Fund, such was the level of dissatisfaction within the region about the role of the IMF. This was strongly opposed by both the US and the IMF, which correctly saw the proposal as a threat to the IMF's position, and also by China, which was concerned that it had emanated from Japan. China has since abandoned its opposition and is now exploring with others in the region the possibility of creating such a fund. Any such body would undoubtedly have the effect of seriously weakening the role of the IMF. In the event of another Asian financial crisis, it is likely that a regional financial solution would play a much bigger role than was the case before. The power of the IMF, moreover, has declined significantly over the last decade or so, with its role as a lender having diminished. In fact sovereign wealth funds have injected more capital into emerging markets in recent years than the IMF and World Bank combined (see Figure 40). This brings us to the World Bank. As China's financial power expands, its ability

to make loans and give aid will increase dramatically, as we have seen in the case of Africa, where Chinese loans already exceed those made by the World Bank; in time, Chinese aid and loans could dwarf those made by the World Bank on a global basis as well.[176] Meanwhile the WTO , with the demise of the Doha round - effectively torpedoed by China and India[177] - together with the growing popularity of bilateral trade agreements, presently looks rather less important than it did a decade ago when trade liberalization was in full swing. The process of trade liberalization in East Asia since 2000, indeed, has largely bypassed the WTO, with China playing a key role through bilateral trade agreements. Another institution of the present international economic system, the G8, acts as a kind of metaphor for the way in which the international system might come to look increasingly less relevant. Bizarrely, China, as of 2009, had still not been admitted as a member - and with the G8 being clearly unrepresentative of the global economy, it now suffers from a chronic lack of legitimacy.[178] This was explicitly recognized in autumn 2008 when the world was faced with the prospect of the worst global recession since 1945: pride of place was taken not by a meeting of the G8, but a gathering convened by President Bush of a previously obscure entity called the G20, which included not only the rich countries but also China, India, Brazil, South Africa, Indonesia and other developing countries. It represented, at a critical moment, a belated recognition that the rich world no longer had sufficient clout on its own and that the big developing countries needed to be embraced if any action was to be effective.

The rise of China and the decline of the United States are central to the present global recession. The fact that China is such a huge creditor, based on its propensity to save and export, and the United States such a colossal debtor, based on its addiction to spend and import, reflects a deep shift in the balance of economic power between the two countries. The American consumer boom depended on China’s willingness to keep lending to the United States through the purchase of US Treasury bonds. In its present enfeebled state, the United States is still enormously dependent on China’s willingness to continue buying US Treasury bonds, even though the rate of return makes little sense from a Chinese point of view: the resources of a poor country could be put to far better use, as is now being openly discussed in China.[179] But the Chinese, as I discussed earlier, are in a catch-22 situation: if they start selling US Treasury bonds, or cease buying them,

the dollar will plummet and so will the value of their dollar assets. So a Faustian pact lies at the heart of the present relationship between the US and China, which in the longer run is neither economically nor politically sustainable. The United States' position as the global financial centre and the dollar as the dominant reserve currency are on a Chinese life-support system. At the heart of the present global financial crisis lies the inability of the United States to continue to be the backbone of the international financial system; on the other hand, China is as yet neither able nor willing to assume that role. This is what makes the present global crisis so grave and potentially protracted, in a manner analogous to the 1930s when Britain could no longer sustain its premier financial position and the United States was not yet in a position to take over from it. Any talk of a global solution to the present economic travails has to confront these highly complex and intractable questions.

As a harbinger of the decline, and ultimate demise, of the present US-DOMINATED system, there is the prospect of the emergence over the next decade of the renminbi as a reserve currency, which would mean it could be used for trade and be held by countries as part of their reserves.[180] Having acquired full convertibility against other currencies, it could rapidly assume a very important role outside China, acting as the de facto reserve currency in East Asia, marginalizing the yen, and challenging the position of the euro and ultimately the dollar as global reserve currencies.[181] It is clear from the American financial meltdown in 2008 that the days when the US economy could sustain the global reserve currency are now numbered.

The present international system is designed primarily to represent and promote American interests. As China's power grows, together with that of other outsiders like India, the United States will be obliged to adapt the system and its institutions to accommodate their demands and aspirations, but, as demonstrated by the slowness of reform in the IMF and even the G8, there is great reluctance on the part of both the US and Europe.[182] Fundamental to this has been the desire to retain these institutions for the promotion of Western interests and values. For example, after China and Russia vetoed the Anglo-American bid to impose sanctions on the Zimbabwe president Robert Mugabe and some of his regime in July 2008, the US ambassador to the UN, Zalmay Khalilzad, stated that Russia's veto raised 'questions about its reliability as a G8 partner'.[183] From late 2008 there was much talk of a new Bretton Woods, but any such agreement

would require far more fundamental reform than the West has hitherto entertained. At present the Bretton Woods institutions - the IMF and the World Bank - are dominated by the Western powers. The US still has 17.1 per cent of the quotas (which largely determine the votes) and the European Union an additional 32.4 per cent in the IMF as of May 2007, while China had just 3.7 per cent and India 1.9 per cent.[184] If these institutions are to be revived as a result of any new agreement, the West will have to cede a large slice of its power to countries like China and India. China, after all, is hardly likely to put very large resources at the disposal of the IMF unless it has a major say in how they are used, as Premier Wen Jiabao has made clear.[185] Should reform remain reluctant, partial and ultimately inadequate, then the international system is likely over time to become increasingly bifurcated, with the Western-sponsored bodies abandoning any claim to universality in favour of the pursuit of sectional interest, while a new Chinese-supported system begins to take shape alongside.[186]

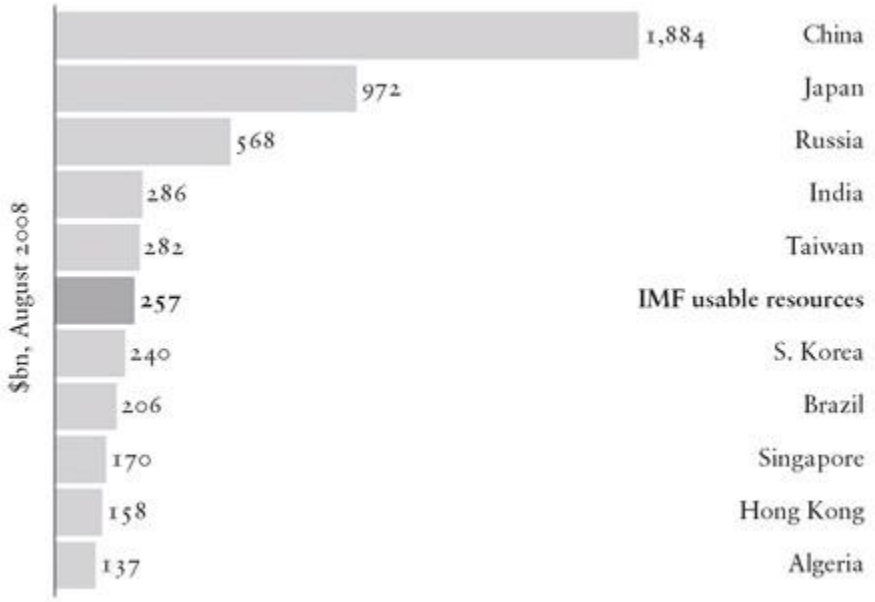


Figure 40. IMF resources and countries with largest foreign exchange reserves.

The American international relations scholar G. John Ikenberry has argued that because the 'Western-centred system . . . is open, integrated, and rule-based, with wide and deep foundations', 'it is hard to overturn and easy to join':[187] in other words, it is far more resilient and adaptable than previous systems and therefore is likely to be reformed from within rather than replaced. This is possible, but perhaps more likely is a twin-track process: first, the gradual but reluctant and inadequate reform of existing Western-centric institutions in the face of the challenge from China and others; and second, in the longer term, the creation of new institutions sponsored and supported by China but also embracing other rising countries such as India and Brazil. As an illustration of reform from within, in June 2008 Justin Lin Yifu became the first Chinese chief economist at the World Bank, a position which previously had been the exclusive preserve of Americans and Europeans.[188] In the long term, though, China is likely to operate both *within* and *outside* the existing international system, seeking to transform that system while at the same time, in effect, sponsoring a new China-centric international system which will exist alongside the present system and probably slowly begin to usurp it. The United States will bitterly resist the decline of an international system from which it benefits so much: as a consequence, any transition will inevitably be tense and conflictual.[189] Just as during the interwar period British hegemony gave way to competing sterling, dollar and franc areas, American hegemony may also be replaced, in the first instance, at least, by competing regional spheres of influence. It is possible to imagine, as the balance of power begins to shift decisively in China's favour, a potential division of the world into American and Chinese spheres of influence, with East Asia and Africa, for example, coming under Chinese tutelage, and forming part of a renminbi area, while Europe and the Middle East remain under the American umbrella. In the longer run, though, such arrangements are unlikely to be stable in a world which has become so integrated.[190]

11

When China Rules the World

I want to ponder what the world might be like in twenty, or even fifty, years' time. The future, of course, is unknowable but in this chapter I will try to tease out what it might look like. Such an approach is naturally speculative, resting on assumptions that might prove to be wrong. Most fundamentally of all, I am assuming that China's rise is not derailed. China's economic growth will certainly decline within the time-frame of two decades, perhaps one, let alone a much longer period. It is also likely that within any of the longer time-frames there will be profound political changes in China, perhaps involving either the end of Communist rule or a major metamorphosis in its character. None of these eventualities, however, would necessarily undermine the argument that underpins this chapter, that China, with continuing economic growth (albeit at a reduced rate), is destined to become one of the two major global powers and ultimately *the* major global power. What would demolish it is if, for some reason, China implodes in a twenty-first-century version of the intermittent bouts of introspection and instability that have punctuated Chinese history. This does not seem likely, but, given that China's unity has been under siege for over half of its 2,000-year life, this eventuality certainly cannot be excluded.

The scenario on which this chapter rests, then, is that China continues to grow stronger and ultimately emerges over the next half-century, or rather less in many respects, as the world's leading power. There is already a widespread global expectation that this may well happen. As can be seen from Table 6, a majority of Indians, for example, believe that China will replace the United States as the dominant power within the next twenty years, while almost as many Americans and Russians believe in this scenario as think the contrary.

	Will happen in …			Will not replace	Don't know
	10 years	20 years	50 years		
	%	%	%	%	%
India	32	24	9	24	12
US	11	22	10	47	9
Russia	10	17	13	45	15
Japan	7	19	13	59	3
China	4	13	20	34	29

Table 6. Opinions on if and when China will replace the USA as the dominant world power.

There is a well-nigh global consensus that the Chinese economy will one day be as large as that of the United States, if not larger (see Figure 41). Furthermore, as can be seen from Figure 42, this is regarded, on balance, with a surprising degree of equanimity. In a widely cited report published in 2007, Goldman Sachs projected that China's GDP, in terms of US dollars, will overtake that of the United States in 2027 to become the world's largest.[1] These predictions find reflection amongst the Chinese themselves in the extraordinary optimism that they display about the future, greater than that of any other people, Americans included, and which is obviously based on the transformation in their living standards over the past three decades (see Table 7).

As China begins to emerge as a global power, what forms will its growing strength take? Or, to put it another way, what will a globally hegemonic China look like? How will its power be expressed and how will it behave in such a scenario? As we peer into the future, history can in a limited way serve as some kind of guide. Over the last two centuries, there have been two globally dominant powers: Britain between 1850 and 1914, and the United States from 1945 to the present. Given that it is the more contemporary example, the American experience, while in no sense acting as a model, can nonetheless serve as a reference point in seeking to understand what a *Pax Sinica* might be like, including how it might be different. So what are the characteristics of America's global hegemony?

• It has the world’s largest economy.
• It has one of the world’s highest GDPs per head.
• It has the world’s most technologically advanced economy and also the most innovative, as exemplified by Silicon Valley.
• It is by far the world’s strongest military power, which, based on its maritime and air strength, enables it to exercise its influence in every region of the world.
• Its overall global power means that it is a key factor in the calculations and attitudes of more or less every country in the world. All countries, as a consequence, enjoy, in varying degrees, limited sovereignty, from the UK and Israel to Mexico and even China.
• The international economic system was predominantly designed and shaped by the United States and its rules are still determined largely by the US.
• It is home to the best universities in the world and has long attracted some of the most able global talent.
• English has become the global lingua franca largely because of the power and appeal of the United States.
• Hollywood dominates the global film market and, to a rather lesser extent, that of television as well.
• American corporate brand names like Google, Microsoft, Coca-Cola and Wal-Mart tend to predominate over those of other nations.[2]
• The United States is not only by far the most important country in the world but New York is also, de facto, the world’s capital. What is American also frequently tends to have a global presence.
• American history has become part of the global furniture, with its most important landmarks, such as the Declaration of Independence, the Civil War and the frontier spirit, familiar to the entire world. Similarly, its customs, from Thanksgiving Day to Halloween, often have a global resonance.
• American values - be it individualism, democracy, human rights, neo-liberalism, neo-conservatism, the market, freedom or the frontier mentality - often enjoy a preponderant global influence.
• American supremacy has been associated with the global dominance of the white race and, by implication, the

subordination and subjugation of other races in an informal global hierarchy of race.

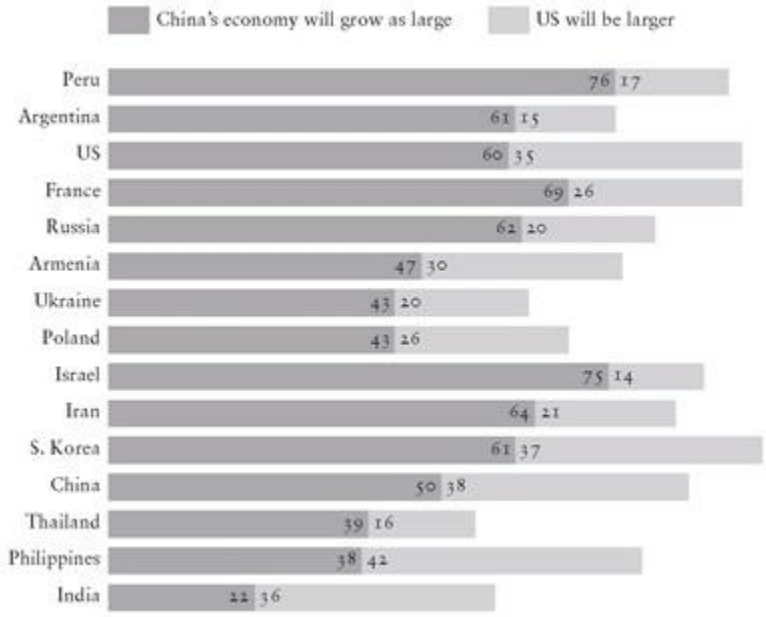


Figure 41. Responses to the question, 'Do you think that it is more likely that someday China's economy will grow to be as large as the US economy or that the US economy will always stay larger than China's?'

Figure 42. Responses to the question, 'If China's economy were to grow to be as large as the US economy, do you think that would be mostly positive, mostly negative, or equally positive and negative?'

	Optimist	No change	Pessimist	Don't know
	%	%	%	%
China	76	14	6	5
India	75	15	3	7
United States	48	29	12	11
Turkey	48	20	16	16
Russia	45	22	16	17
Pakistan	40	15	9	36

Table 7. Personal optimism (Nov 2005).

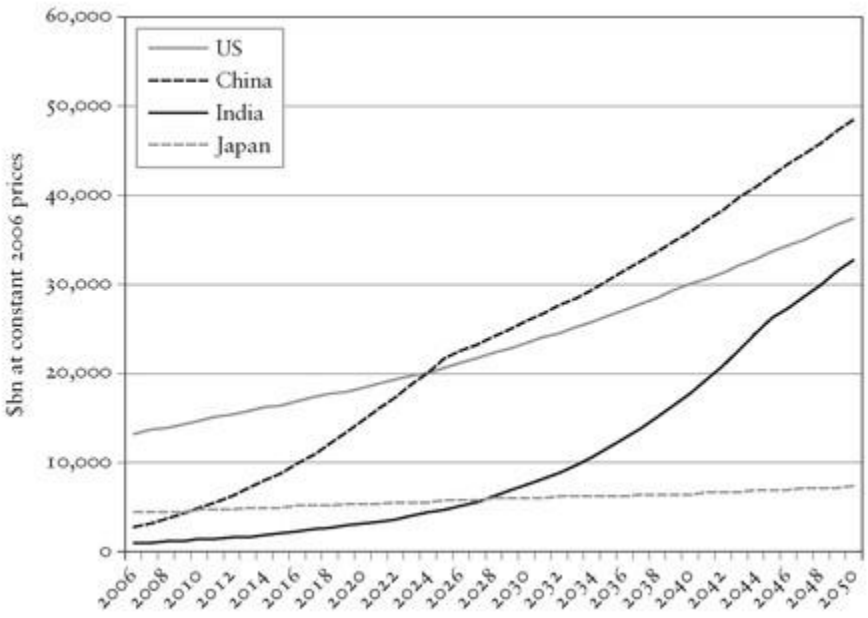


Figure 43. Projected size of major economies, 2006-2050 (GDP at market exchange rates).

Even in the case of the United States, however, whose influence is far greater than that of any other nation in history, this overweening power has never been without constraint. The concept of hegemony elaborated by the Italian Marxist Antonio Gramsci - which should be distinguished from the pejorative Chinese use of the term[3] - entails the complex interaction of coercion and consent, force and leadership, and, though it was originally advanced to explain the nature of power within societies, it is also relevant to international relations.[4] Gramsci's idea bears some resemblance to the distinction between hard and soft power employed by the American writer Joseph Nye, though Nye's appoach is less conceptual and more classifica tory in nature.[5] Far from hegemony being set in concrete, it is constantly contested and redefined, the balance of power never static, always in motion. Nor is it ever absolute. Even though the United States possesses almost as much military firepower as the rest of the world put together, that does not mean that it can do whatever it likes wherever it chooses, as its disastrous occupation of Iraq illustrated. Moreover, as we have observed, while it enjoys military supremacy, its economic preponderance is steadily being eroded. Although the US is the world's sole politico-military

superpower, its influence varies from sphere to sphere and region to region - and in some cases it remains extremely limited. Take the unlikely example of sport. Although the US generally tops the medals tables in the Olympic Games, there are many sports in which it is not dominant and others from which it is virtually absent. The most popular American sports have remained largely confined to the US in their appeal, with the exception of basketball, while the world's most popular game is football, a European export. Similarly, apart from its domination of a key sector of the fast-food market, American cuisine enjoys little or no global influence.

So what about China? As in the case of the United States, Chinese global hegemony will reflect the country's particular characteristics, both historical and contemporary. The task here is to identify those characteristics and how they might leave their imprint on the future. It should also be borne in mind that forms of hegemony are constantly shifting and mutating in response to wider cultural, technological, military, political and economic changes. In the era of European supremacy, for example, the characteristic form of political domination was colonialism and the key expression of force-projection was the navy, but after 1945 colonialism, for a variety of reasons, became unsustainable. The American era, in contrast, is associated with air power, a global network of military bases, huge military superiority, an informal empire, dominance of the international economic system, and a global media. It is impossible, beyond a point, to anticipate the new forms of modernity with which a future Chinese hegemony might be associated.

THE LONG REACH OF CHINESE HISTORY

Global history has hitherto been essentially a Western history. With the rise of China, however, that will no longer be the case. Chinese history will become familiar not just to the Chinese, or even East Asians, but to the entire world. Just as many around the globe are conversant with major events in American history (the same also being true of decisive episodes in European history - such as the French Revolution, the Enlightenment, the Industrial Revolution and the Renaissance - as a consequence of Europe's earlier supremacy), so key landmarks in Chinese history will similarly

become global property. This process is already under way, as the huge interest that surrounded the Terracotta Army exhibition at the British Museum in 2007-8 illustrated.[6] Of course, the grandeur and richness of Chinese history means that aspects of it, such as the Great Wall, are already quite well known. But this is minor compared with what lies in the future. As an indication, already in 2005 the Great Wall, one of the defining symbols of the Middle Kingdom, attracted more foreign tourists than Florence, the epicentre of Europe's Renaissance.[7]

Apart from its extraordinary longevity and bursts of efflorescent invention, the most striking feature of Chinese history is the fact that while Europe, following the fall of the Roman Empire, fragmented into many parts, and ultimately into many nations, China was already moving in exactly the opposite direction and starting to coalesce. It is this unity that has ensured the continuity of its civilization and also provided the size which remains so fundamental to China's character and impact. Unity is one of the most fundamental propositions concerning Chinese history, if not the most fundamental. If Europe provided the narrative and concepts that have informed not just Western but world history over the past two centuries, so China may do rather similarly for the next century or so, and thereby furnish the world with an entirely different story and set of concepts: namely the idea of unity rather than fragmentation, that of the civilization-state rather than the nation-state, that of the tributary system rather than the Westphalian system, a distinctive Chinese notion of race, and an organizing political dynamic of centralization/decentralization rather than modernization/conservatism. Given the nodal importance of Chinese unity, the year 211 BC - marking the victory of the Qin, the end of the Warring States period (403-221 BC), and the beginning of modern China - will become as familiar to the world as 1776 or 1789. Qin Shihuang, the first Chinese emperor, who not only bequeathed the Terracotta Army but founded a dynastic system which was to survive until 1911, will become as widely known as Thomas Jefferson or Napoleon Bonaparte, if not much more so.

There are many other aspects of Chinese history which will reconfigure the global discourse: the fact, for example, that China has been responsible for so many of the inventions that were subsequently adopted elsewhere, not least in the West, will help to dispel the contemporary myth that the West is history's most inventive culture. For our purposes here, the voyages

of Zheng He, which predated those of Europe's great maritime explorers like Christopher Columbus, can serve as an example for this process of reconfiguration. It is widely accepted that, in ships that dwarfed those of Europe at the time, Zheng He embarked on a series of seven voyages that took him to what we now know as Indonesia, the Indian Ocean and the east coast of Africa in the early fifteenth century. The voyages of the great European explorers like Vasco da Gama and Columbus marked the beginning of Europe's long-running colonial era. For the Chinese, on the other hand, Zheng's voyages had no such consequence. There was no institution in Ming China that resembled a Navy Department and therefore, as the historian Edward Dreyer suggests, 'there was no vested interest to argue the case for sea power or for a blue water strategy, nor did China exercise what later naval theorists would call "control of the seas" even during the period of Zheng He's voyages.'[8] Zheng's voyages never had a sequel: they proved to be the final curtain in the Ming dynasty's maritime expeditions as China once again slowly turned inwards. Zheng's missions were neither colonial nor exploratory in intent: if they had been, they would surely have been repeated. They were influence-maximizing missions designed to carry out the very traditional aim of spreading China's authority and prestige in what was its known world. The Chinese had no interest in exploring unknown places, but in making peoples in its known world aware of the presence and greatness of the Chinese empire. Zheng He's expedition lay firmly within the idiom of the tributary state system, though his journeys took him much further afield than had previously been the case.[9]

History is always subject to interpretation and reinterpretation, constantly reworked in the light of a contemporary context. Given their extraordinary nature, and bearing in mind subsequent European exploits, it is not surprising that both the purpose and reach of Zheng's expeditions has been the subject of much conjecture. As China again seeks a closer relationship with South-East Asia, the fact that China has recently sponsored several commemorative exhibitions of Zheng He's expeditions in various ASEAN countries is predictable:[10] as it turns outwards once more, it remembers and reminds the world of the last such great occasion. The British historian Gavin Menzies has taken the process several steps further by arguing that the Chinese were the first to discover the Americas in 1421 and also discovered Australia.[11] While there has been much interest in, though little support for, the idea that the Chinese discovered America, when President

Hu Jintao visited Australia in 2003 he gave implicit endorsement to the idea that China discovered Australia when, in an address to a joint meeting of the Australian parliament, he declared: 'Back in the 1420s, the expeditionary fleets of China's Ming dynasty reached Australian shores.'[12] These kinds of claims are likely to increase as Western-written history is contested by the growth in Chinese-written history and as China seeks to burnish its contemporary image not only by promoting its own past but also, no doubt, aggrandizing and embellishing it. The Chinese ambassador to South Africa suggested to Africans in 2007 that:

Zheng took to the places he visited [in Africa] tea, chinaware, silk and technology. He did not occupy an inch of foreign land, nor did he take a single slave. What he brought to the outside world was peace and civilization. This fully reflects the good faith of the ancient Chinese people in strengthening exchanges with relevant countries and their people. This peace-loving culture has taken deep root in the minds and hearts of Chinese people of all generations.[13]

On a light-hearted note, there is evidence to suggest that the game of golf originated in China. A Ming scroll entitled *The Autumn Banquet*, dating back to 1368, shows a member of the imperial court swinging what resembles a golf club at a small ball, with the aim of sinking it in a round hole. In Chinese the game was known as *chuiwan*, or 'hit ball'.[14] It is reasonable to surmise that many of the sports that have previously been regarded as European inventions, and especially British, actually had their origins in other parts of the world: the British, after all, had plenty of opportunity to borrow and assimilate games from their far-flung empire and then codify the rules. As we move beyond a Western-dominated world, these kinds of discoveries and assertions will become more common, with some, perhaps many, destined to gain widespread acceptance.

BEIJING AS THE NEW GLOBAL CAPITAL

At the turn of the century, New York was the de facto capital of the world. Nothing more clearly illustrated this than the global reaction to 9/11. If the same fate had befallen the far more splendid Twin Towers in Kuala Lumpur, the disaster would have been fortunate to have commanded global headlines for twelve hours, let alone months on end. New York's prominence owes everything to the fact that it is the financial capital of the world, the home of Wall Street, as well as a great melting pot and the original centre of European immigration. New York's global status is, however, largely a post-1945 phenomenon. In 1900, during the first wave of globalization, the world's capital was London. And in 1500, arguably Florence was the most important city in the world (though in that era it

could hardly have been described as the global capital). In 1000 perhaps Kaifeng in China enjoyed a similar status, albeit unknown to most of the world, while in AD 1 it was probably Rome.[15] Looking forward once again, it seems quite likely that in fifty years' time - and certainly by the end of this century - Beijing will have assumed the status of de facto global capital. It will face competition from other Chinese cities like Shanghai, but as China's capital, the centre of the Middle Kingdom and the home of the Forbidden City, Beijing's candidature will be assured, assuming China becomes the world's leading power.

But this is not simply a matter of Beijing's status. We can assume that Chinese hegemony will involve at least four fundamental geopolitical shifts: first, that Beijing will emerge as the global capital; second, that China will become the world's leading power; third, that East Asia will become the world's most important region; and fourth, that Asia will assume the role of the world's most important continent, a process that will also be enhanced by the rise of India. These multiple changes will, figuratively at least, amount to a shift in the earth's axis. The world has become accustomed to looking west, towards Europe and more recently the United States: that era is now coming to an end. London might still represent zero when it comes to time zones, a legacy of its once-dominant status in the world,[16] but the global community will increasingly set its watches to Beijing time.

THE RISE OF THE CIVILIZATION-STATE

The world has become accustomed to thinking in terms of the nation-state. It is one of the great legacies of the era of European domination. Nations that are not yet nation-states aspire to become one. The nation-state enjoys universal acceptance as the primary unit and agency of the international system. Since the 1911 Revolution, even China has sought to define itself as a nation-state. But, as we have seen, China is only latterly, and still only partially, a nation-state: for the most part, it is something very different, a civilization-state. As Lucian Pye argued:

China is not just another nation-state in the family of nations. China is a civilization pretending to be a state. The story of modern China could be described as the effort by both Chinese and foreigners to squeeze a civilization into the arbitrary and constraining framework of a modern state, an institutional invention that came out of the fragmentation of Western civilization.[17]

It is this civilizational dimension which gives China its special and unique character. Most of China's main characteristics pre-date its attempts to become a nation-state and are a product of its existence as a civilization-state: the overriding importance of unity, the power and role of the state, its centripetal quality, the notion of Greater China, the Middle Kingdom mentality, the idea of race, the family and familial discourse, even traditional Chinese medicine.

Hitherto, the political traffic has all been in one direction, the desire of Chinese and Westerners alike to conform to the established Western template of the international system, namely the nation-state. This idea has played a fundamental role in China's attempts to modernize over the last 150 years from a beleaguered position of backwardness. But what happens when China no longer feels that its relationship with the West should be unidirectional, when it begins to believe in itself and its history and culture with a new sense of confidence, not as some great treasure trove, but as of direct and operational relevance to the present? That process is well under way[18] and can only get stronger with time. This will inexorably lead to a shift in the terms of China's relationship with the international system: in effect, China will increasingly think of itself, and be treated by others, as a civilization-state as well as a nation-state. As we saw in Chapter 9, this has already begun to happen in East Asia and in due course it is likely to have wider global ramifications. Instead of the world thinking exclusively in terms of nation-states, as has been the case since the end of colonialism, the lexicon of international relations will become more diverse, demanding room be made for competing concepts, different histories and varying sizes.

THE RETURN OF THE TRIBUTARY SYSTEM

The Westphalian system has dominated international relations ever since the emergence of the modern European nation-state. It has become the universal conceptual language of the international system. As we have seen, however, the Westphalian system has itself metamorphosed over time and enjoyed several different iterations. Even so, it remains what it was, an essentially European-derived concept designed to make the world conform to its imperatives and modalities. As a consequence, different parts of the world approximate in differing degrees to the Westphalian norm. Arguably this congruence has been least true in East Asia, where the legacy of the tributary state system, and the presence of China, mean that the Westphalian system exists in combination with, and on top of, pre-existing structures and attitudes. The specificity of the East Asian reality is illustrated by the fact that most Western predictions about the likely path of interstate relations in the region since the end of the Cold War and the rise of China have not been borne out: namely, that there would be growing instability, tension and even war and that the rise of China would persuade other nations to balance and hedge against it. In the event, neither has happened. There have been fewer wars since 1989 than was the case during the Cold War, and there is little evidence of countries seeking to balance against China: on the contrary, most countries would appear to be attempting to move closer to China.[19] This suggests that the modus operandi of East Asia is rather different to elsewhere and contrasts with Western expectations formed on the basis of its own history and experience. A fundamental feature of the tributary state system was the enormous inequality between China and all other nations in its orbit, and this inequality was intrinsic to the stability that characterized the system for so long. It may well be that the new East Asian order, now being configured around an increasingly dominant China, will prove similarly stable: in other words, as with the tributary system, overweening inequality breeds underlying stability, which is the opposite to the European experience, where roughly equal nation-states were almost constantly at war with each other over many centuries until 1945, when, emerging exhausted from the war, they discovered the world was no longer Eurocentric.[20]

The idea that East Asia in future will owe as much to the tributary system as the Westphalian system will inevitably influence how China views the wider international system. Moreover if East Asia, as the most important region in the world, operates according to different criteria to other parts of

the global system, then this is bound to colour behaviour and norms elsewhere. In other words, the tributary state system will not only shape China's outlook but, in the context of its global hegemony, also serve to influence the international system more widely. As the writer David Kang suggests, the modalities of East Asia in terms of interstate relations, from being ignored or marginalized until the end of the Cold War, will increasingly assume the role of one of the world's major templates.[21]

Two key characteristics of the tributary system were the overwhelming size of China in comparison with its neighbours and a mutual acceptance of and acquiescence in Chinese superiority. In the era of globalization, these characteristics, certainly the first, might be transferred on to a wider canvas. Such will be the relative economic size and power of China that it is likely to find itself in relationships of profound inequality with many countries outside, as well as within, East Asia; as a result, they are likely to find themselves highly dependent on China. The most obvious example of this is Africa and to a lesser extent various Latin American countries like Peru and Bolivia; in other words, developing countries which are predominantly commodity-producers.[22] As China's voracious appetite for raw materials grows apace, more and more such countries are likely to enter into its orbit. It has even been mooted that China might lease, or even buy, overseas farmland in Latin America and Australia in order to boost its supply of food.[23] There is an understandable tendency to see China's emergent relationship with these countries in the same terms as those of the West, past and present. This, however, is to underestimate the difference between China and the West, and therefore the novelty of the situation. Given the huge disparity in size, rather than seeing it in basically colonial or neocolo nial terms, perhaps it would be more appropriate to think of this relationship in neo-tributary terms. To what extent the other characteristic of the tributary system - an acceptance of China's cultural superiority - might also become a factor is more difficult to judge, although, in light of the Chinese mentality, there will certainly be powerful elements of this. It is important, however, to place these points in a broader context. China's rise will be accompanied by that of other major developing countries, such as India and Brazil, and these are likely to act in some degree as a constraint on China's power and behaviour.

WEIGHT OF NUMBERS

At the height of the British Empire in 1913, Britain accounted for only 2.5 per cent of the world's population, while Western Europe represented 14.6 per cent. By 2001 Western Europe's share had fallen to 6.4 per cent. In 2001, when the United States was the world's sole superpower, it comprised a mere 4.6 per cent of the world's population. The proportion accounted for by the West as a whole - including Eastern Europe and countries like Australia but excluding the former USSR - was 13.9 per cent in 2001. China, in contrast, comprised 20.7 per cent of the world's population in 2001.[24] Moreover, whatever the obvious commonalities - historical, cultural and ethnic - that serve to link and cohere the Western world, this is very different from the unity and cohesion that China enjoys as a single nation. The true comparison is China's 20.7 per cent against the US's 4.6 per cent. In other words China, as the world's leading country, will enjoy a demographic weight that is qualitatively different from that of any previous hegemonic power in the modern era.

The basis of democracy is that numbers count. Hitherto this proposition has been confined within the boundaries of each individual nation-state. It has never found any form of expression at a supranational, let alone global, level, with the possible exception of the United Nations General Assembly - which, predictably, enjoys virtually no power. Institutions like the IMF and the World Bank have never sought to be democratic but instead reflect the economic and political clout of those countries that founded them, hence the dominance of the United States and to a lesser extent Europe, with the US enjoying in effect the power of veto. The Western world order has - in its post-1945 idiom - placed a high premium on democracy within nation-states while attaching zero importance to democracy at the global level. As a global order, it has been anti-democratic and highly authoritarian. The emergence of China as the globally dominant nation is very unlikely to usher in a new kind of democratic global governance, but the rise of developing nations like India, Brazil and Russia, along with China, should herald, in a rough and ready way, a more democratic global economy. The huge mismatch between national wealth on the one hand and size of population on the other that has characterized the last two centuries will be significantly reduced. For the developing world, including the most

populous countries, poverty has meant marginalization or effective exclusion from global decision-making; economic power, in contrast, is a passport to global enfranchisement. Or, to put it another way, a global economic regime based on the BRICS (namely Brazil, Russia, India and China), together with other developing countries, will be inherently more democratic than the Western regime that has previously prevailed. Furthermore, the fact that China, as the top dog, is so numerous will in itself introduce a more democratic element, albeit in the crudest sense, to the global polity. One-fifth of the world, after all, is rather more representative than the US's 4.6 per cent.[25]

That China, as a global power, will be so numerous will have many consequences. China will exercise a gravitational pull and also have a centrifugal impact on the rest of the world. There will be many aspects to this push-pull phenomenon. The size of the Chinese market means that, in time, it will inevitably become by far the world's largest. As a result, it will also assume the role of de facto yardstick for most global standards and regulations. The size of its domestic market will also have the consequence that Chinese companies will be the biggest in the world, as will the Chinese stock exchanges. In the 1950s Europeans were astounded by the scale of all things American; in the future, these will be dwarfed by the magnitude of all things Chinese. Even the position of Las Vegas as the gambling capital of the world is under threat, with the gaming revenues of Macao on the verge of overtaking those of the former by 2007. An example of China's centrifugal impact is offered by Chinese migration. China will be a net exporter of people, as Europe was until the mid twentieth century, but unlike the United States, which remains a net importer.[26] A small insight into what this might mean is provided by the rapid migration of hundreds of thousands of Chinese to Africa in the first few years of the twenty-first century. If the economic relationship between China and Africa continues to develop along the same lines in the future, Chinese settlers in sub-Saharan Africa could come to represent a significant minority of its population. It is not inconceivable that large numbers of Chinese might eventually migrate to Japan to compensate for its falling population, though this would require a sea-change in Japan's attitude towards immigration. It is estimated that the Chinese minority there, legal and illegal, presently numbers up to 400,000.[27] The Chinese are already a rapidly growing minority in Russia, especially in the Russian Far East. In comparison with Americans, then, if

not necessarily with the Europeans before them, the Chinese will be far more ubiquitous in the world.

Another example will be provided by tourism. The United Nations World Tourism Organization predicts, rather conservatively, that there will be 100 million outward-bound Chinese tourists by 2019 (compared with almost 28 million in 2004), and an estimated global total of 1.6 billion in 2020. The World Travel and Tourism Council has predicted that by 2018 the value of Chinese tourism will almost be as great as that of the United States. The impact will be greatest in East Asia, especially South-East Asia, and Australia, where many destinations will seem as if they have been taken over by Chinese tourists, a phenomenon that hitherto has been almost exclusively Western, but which will happen on a far grander scale with the Chinese.[28] The Chinese language, similarly, will assume global importance simply because it has so many native speakers; this will contrast with recent periods of history when the USSR and later Japan were riding high but which, partly because of their relatively small populations, had little linguistic impact, apart from on Eastern Europe in the case of the Soviet Union, outside their own borders. In terms of language, it is already possible to glimpse the future through those who use the internet. Though the proportion of China's population who are internet users is far smaller than that in the United States, by 2008 the number of Chinese internet users had already overtaken the number of American users.[29]

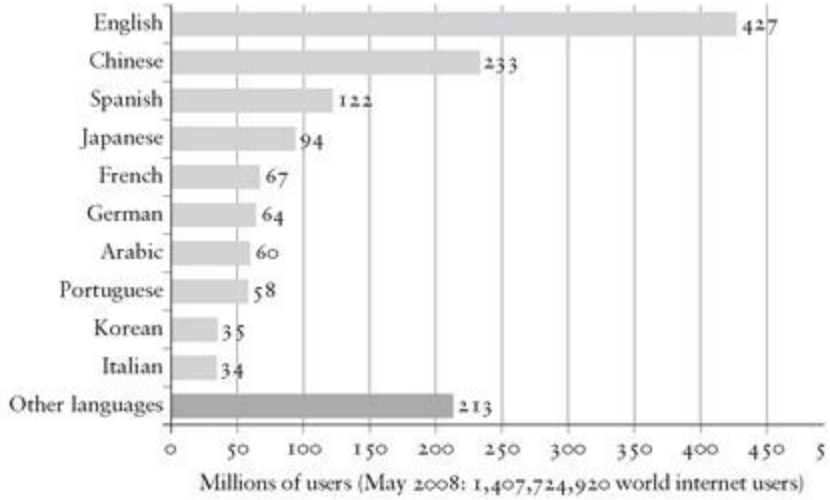


Figure 44. Top ten internet languages, May 2008.

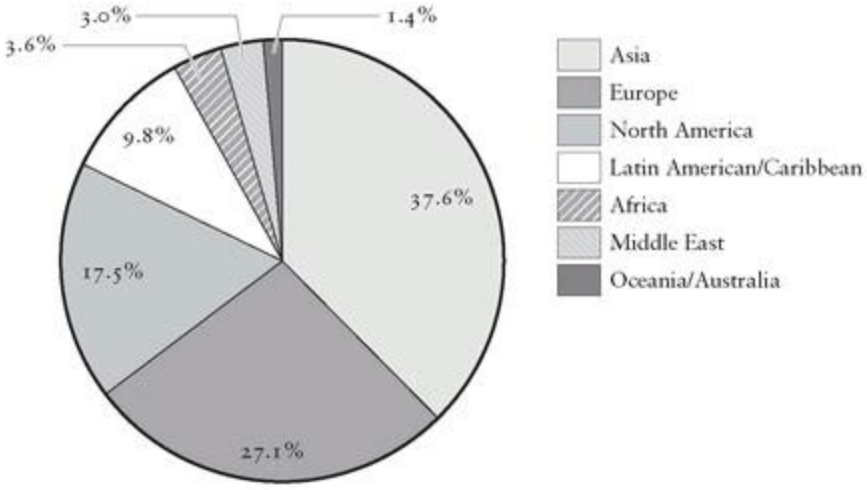


Figure 45. World internet users, March 2008.

THE CHINESE RACIAL ORDER

For the last two centuries Caucasians have enjoyed a privileged position at the top of the global racial hierarchy. During the period of European colonial empires their pre-eminent position was frequently explained in terms of racial theories designed to show the inherent superiority of the white race. Since the mid twentieth century, with the defeat of Nazism followed by colonial liberation, such explicitly racial theories have been in retreat in most regions of the world and now enjoy only minority appeal in the West. Nonetheless, if such racial theories are no longer regarded for the most part as acceptable, there remains an implicit and omnipresent global racial pecking order, with whites invariably at the top. Various factors helped to shape this hierarchy, including levels of development, skin colour, physical characteristics, history, religion, dress, customs and centuries-old

racist beliefs and prejudices. Throughout the world, white people command respect and deference, often tinged with fear and resentment, an attitude which derives from a combination of having been globally dominant for so long, huge wealth and power, and genuine achievement. The rise of China to surpass the West will, over time, inevitably result in a gradual reordering of the global hierarchy of race.[30]

Although possessed of an inner belief that they are superior to all others, the Chinese sense of confidence was shaken and in part undermined by the 'century of humiliation'. This found expression during the 1980s in what Wang Xiaodong has described as 'reverse racism', or a desire to ape and copy the West, and denigrate things Chinese.[31] That phase, however, is increasingly giving way to a growing sense of self-belief and a return to older attitudes. The idea that China must learn from the West is being joined by the proposition that the West needs to learn from the East.[32] The fact that the Chinese sense of superiority survived more than a century of being hugely outperformed by the West is testament to its deeply ingrained nature. As China becomes a major global player, this feeling of superiority will be supported and reinforced by new rationales, arguments and evidence. Chinese racial discourse, furthermore, as we saw in Chapter 8, differs in important respects from that of Europe, primarily because its origins lie in China's existence as a civilization-state rather than as a nation-state.

In a few limited areas, such as football, athletics and popular music, the global predominance of Caucasians has come under significant challenge. But the ubiquity of the white role-model in so many spheres - business, law, accounting, academe, fashion, global political leadership - still overwhelmingly prevails. Figures like Barack Obama and Tiger Woods remain very much the exception, though the former's election as American president is highly significant in this context. Nelson Mandela came to enjoy enormous moral authority throughout the world but enjoyed little substantive power. With the rise of China, white domination will come under serious challenge for the first time in many, if not most, areas of global activity.

The pervasive importance of racial attitudes should not be underestimated. International relations scholars have persistently neglected or ignored their significance as a major determinant of national behaviour and global relations, preferring instead to concentrate on nationalism; yet, as we saw in Chapter 8, race and ethnicity are central to the way in which

nations are constructed.[33] This has been well described by the Chinese international relations scholar Zi Zhongyun in the case of the United States.[34] The fact that there has been virtually no challenge to, or questioning of, widely held racial prejudices in China, that they are regarded as normative rather than abnormal and that there is no culture of anti-racism, means that they will continue to exercise a powerful influence on how China sees the world, how the Chinese at all levels of society regard others, and how China will behave as a nation. Of course, as China becomes increasingly open to the world and mixes with it on a quite new basis following centuries of being relatively closed, then some of the old prejudices are bound to wither and disappear, but the persistence of these kinds of attitudes, rooted as they are in such a long history, will remain. As the dominant global power, China is likely to have a strongly hierarchical view of the world, based on a combination of racial and cultural attitudes, and this will play a fundamental role in shaping how China views other nations and peoples and its own position at the top of the ladder.

A CHINESE COMMONWEALTH?

The concept of the West is intimately linked to European expansion and the migration of its population to far-flung parts of the world. This is a neglected issue, something that is largely taken for granted and little scrutinized. It was European emigration that led to the creation of the United States as a white-dominated society in the northern part of the American continent, and likewise in the case of Canada. The term ‘Latin America’ derives from the Spanish and Portuguese colonization of South America and to this day finds expression in the fact that the elite in these countries remains predominantly white and is largely descended from the original colonial families.[35] Similarly, British migration created a white Australia - which, together with New Zealand, formed in effect an Asia-Pacific outpost of the West - based on the suppression, decimation and subsequent marginalization of the indigenous Aborigine peoples. But for that, Australia and New Zealand would today be Aboriginal and Maori countries respectively, with entirely different names, languages and

cultures. If European migration to South Africa had been on a much greater scale, then the large white minority population might have been in a majority, thereby making white rule permanent. The European, or white, diaspora has had a huge impact on the nature and shape of the world as we know it.

Unlike the white diaspora, which was a product of relative European power and wealth, the Chinese diaspora was largely a consequence of hunger and poverty at home, combined with the use of Chinese indentured labour by the British Empire. This notwithstanding, the Chinese diaspora in South-East Asia enjoys, relatively speaking, disproportionate economic power, while Chinese ethnic minorities more or less everywhere have experienced increasing economic success in recent decades. From being industrious but poor, the Chinese are steadily rising up the ladder of their respective adoptive homelands in both economic and cultural terms. That process is being driven in part by the growing power of China, which is serving to raise the self-confidence, prestige and status of the overseas Chinese everywhere. The multifarious links between the mainland and the Chinese diaspora, in terms of trade and Mandarin, for example, are predictably helping to enhance the economic position of the overseas Chinese. In some Western countries, notably Australia and also in Milan in Italy, where there have been clashes between the increasingly prosperous Chinese community and the local police, there has been evidence of strong resentment towards the local Chinese.[36] The recent success of the Chinese, who have traditionally been regarded as inferior and impoverished, has proved disconcerting for sections of the Milanese population. But as China becomes steadily wealthier and more powerful, the Western world will have to get used to the idea that growing numbers of Chinese at home and abroad will be richer and more successful than they are.

The other side of the coin is China’s attitude towards the overseas Chinese. As mentioned earlier, one of the narratives of Chinese civilization is that of Greater China, an idea which embraces the ‘lost territories’ of Hong Kong, Macao and Taiwan, the global Chinese diaspora and the mainland. The Middle Kingdom has always been regarded as the centre of the Chinese world, with Beijing at its heart and the disapora at its distant edges. All Chinese have held an essentially centripetal view of their world. The way that the diaspora has contributed to China’s economic transformation is an indication of a continuing powerful sense of belonging.

The rise of China will further enhance its appeal and prestige in the eyes of the diaspora and reinforce their sense of Chineseness. The Chinese government has sought, with considerable success, to encourage eminent overseas Chinese scholars to work and even settle in China. Meanwhile, as discussed earlier, Chinese migration is on the increase, notably to Africa, resulting in the creation of new, as well as enlarged, overseas Chinese communities. It is estimated that there are now at least half a million Chinese living in Africa, most of whom have arrived only very recently. There are over 7 million Chinese living in each of Indonesia, Malaysia and Thailand, over 1 million each in Myanmar and Russia, 1.3 million in Peru, 3.3 million in the United States, 700,000 in Australia and 400,000 in the UK; the approximate figure for the diaspora as a whole is 40 million, but this may well be a considerable underestimate.

How will this relationship between China and the diaspora develop? Will the mainland at some point consider allowing dual citizenship, which at the moment it does not? Is it conceivable that in the future there might be a Chinese Commonwealth which embraces the numerous overseas Chinese communities? Or, to put it another way, what forms might a Chinese civilization-state take in a modern world in which it is predominant? A commonwealth would no doubt be unacceptable to other nations as things stand, but in the event of a globally dominant China, the balance of power would be transformed and what is politically possible redefined. The impact of any such development would, of course, be felt most strongly in South-East Asia, where the overseas Chinese are, relatively speaking, both most powerful and most numerous.

ECONOMIC POWERHOUSE

Chinese economic power will underpin its global hegemony. With the passing decades, as the Chinese economy becomes increasingly wealthy and sophisticated, so the nature of that power will no longer rest primarily on the country’s demographic clout. It is impossible to predict exactly what this might mean in terms of economic reach, but, given that China has a population around four times that of the United States, one might conjure

with the idea that China's economy could be four times as large as that of the US. In mid 2007, before the credit crunch, with rapidly rising share prices on the Shanghai and Hong Kong stock exchanges,[37] Chinese companies accounted for three of the ten largest companies in the world by market value (see Figure 46), and by the end of October that figure had risen to five out of ten. Citic Securities, the biggest publicly traded brokerage in China, trailed only Goldman Sachs, Morgan Stanley and Merrill Lynch in market value among securities firms, while Air China was the world's biggest airline by market value, having overtaken Singapore Airlines and Lufthansa.[38] Of course it may transpire, as happened with the value of Japanese companies in the asset bubble of the late eighties, that these figures prove to be considerably inflated, but nonetheless they are probably a rough indication of likely longer-term trends.

The potential volume of Chinese overseas investment, as China's capital account is steadily opened and the movement of capital liberalized, is huge, especially given the level of China's savings. In 2007 China had $4,800 billion in household and corporate savings, equivalent to about 160 per cent of its GDP. On the assumption that savings grow at 10 per cent per annum, China will have in the region of $17,700 billion in savings by 2020, by which time China should have an open capital account. If just 5 per cent of savings leaves the country in 2020, that would equal $885 billion in outward investments. If outflows reach 10 per cent of savings, $1,700 billion would go abroad.[39] To provide some kind of perspective, in 2001 US invisible exports totalled $451.5 billion. At the time of writing, Chinese overseas investment is still, in historical terms, in its infancy, but it is growing extremely rapidly: China's overseas investment reached over $50 billion in 2008, with an annual average growth rate of 60 per cent between 2001 and 2006.[40] A hint of what the future might hold was provided by the investments made by Chinese banks in Western financial institutions, which, in late 2007, found themselves seriously short of capital as a result of the credit squeeze which began in August of that year. By the end of 2007 Chinese financial institutions owned 20 per cent of Standard Bank, 9.9 per cent of Morgan Stanley, 10 per cent of Blackstone, and 2.6 per cent of Barclays.[41] This, however, proved to be the high-water mark, as the Chinese government, increasingly aware of the depth of the American financial crisis, advised its banks to desist from becoming involved in rescue packages for beleaguered American and European banks.

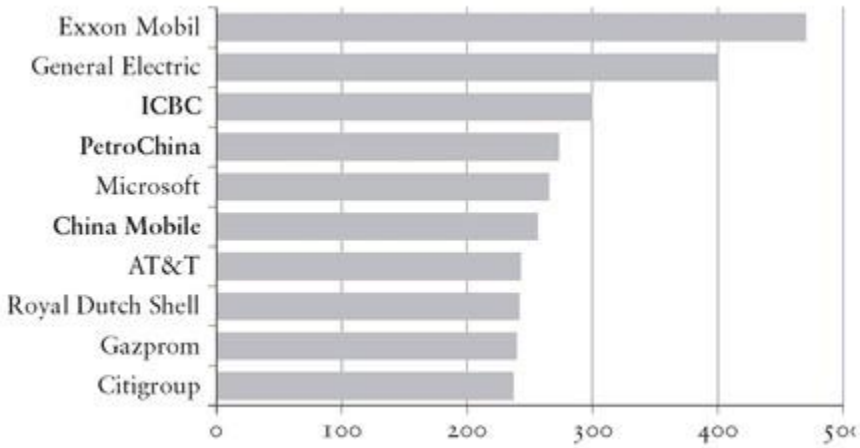


Figure 46. World's biggest companies by market capitalization, 28 August 2007, $bn (Chinese companies in bold).

There is plenty of evidence that China is steadily climbing the technological and scientific ladder. At present it is still a largely imitative rather than innovative economy, but the volume of serious scientific research is rising rapidly, as is expenditure on research and development. China is already the fifth leading nation in terms of its share of the world's leading scientific publications and it is particularly strong in certain key areas like nanotechnol ogy.[42] In 2006, according to the OECD, China overtook Japan to become the world's second largest R & D investor after the US.[43] With 6.5 million undergraduates and 0.5 million postgraduates studying science, engineering and medicine, China already has the world's largest scientific workforce.[44] In 2003 and 2005 it successfully carried out two manned space missions,[45] while in 2007 it managed to destroy one of its own satellites with a ballistic missile, thereby announcing its intention of competing with the United States for military supremacy in space.[46] In due course, it seems highly likely that China will emerge as a major global force in science and technology.

One of the more fundamental economic effects of the rise of China will be to transform and reshape the international financial system. By 2007, for the first time since 1918, when the dollar began to replace the pound as the world's leading currency, it found itself with a new rival in the form of the euro. After 2002 the value of the dollar was steadily undermined by the effects of the United States' twin deficits (namely the balance-of-payments

deficit and the government's own deficit) combined with the slow long-term decline of the American economy discussed in Chapter 1. The decline in the dollar's external value was precipitous: against the euro, by the end of 2007 it had depreciated by 40 per cent since its peak at the end of January 2002.[47] It recovered significantly in late 2008, but this is likely to be a temporary respite. The financial crisis triggered in September 2008 suggests that the US is no longer economically strong enough to underwrite the present international economic system and sustain the dollar as the world's premier reserve currency. The significance of the dollar's decline, moreover, is not confined to the financial world but has much larger ramifications for Washington's place on the international stage. Flynt Leverett, a former senior National Security Council official under President George W. Bush, has argued that: 'What has been said about the fall of the dollar is almost all couched in economic terms. But currency politics is very, very powerful and is part of what has made the US a hegemon for so long, like Britain before it.'[48] Similarly Kenneth Rogoff, former chief economist at the International Monetary Fund, wrote: 'Americans will find global hegemony a lot more expensive if the dollar falls off its perch.'[49] The consequences of a falling dollar could be manifold: nations will prefer to hold a growing proportion of their reserves in currencies other than the dollar; countries that previously pegged their currency to the dollar, including China, will choose no longer to do so; the US will find that economic sanctions against countries like Iran and North Korea no longer carry the same threat because access to dollar financing has less significance for them; countries will no longer be so willing to hold their trade surpluses in US Treasury bonds; US military bases overseas will become markedly more expensive to finance; and the American public may be less prepared to accept the costs of expensive overseas military commitments. To put it another way, the US will find it more difficult and more expensive to be the global hegemon. The same kind of processes accompanied the decline of the pound, and Britain's position as an imperial power, between 1918 and 1967.

The decline of the dollar, meanwhile, will coincide with the rise of the renminbi. As yet, the role of the renminbi is fundamentally constrained by the absence of convertibility. But over the next five to ten years that will begin to change, and by 2020 the renminbi is likely to be fully convertible, enabling it to be bought and sold like the dollar. By then, if not earlier,

most, if not all, of East Asia, perhaps including Japan, will be part of a renminbi currency system. Given that China is likely to be the main trading partner of every East Asian nation, it will be natural for trade to be conducted in the renminbi, for the value of their currencies to be fixed against it rather than the dollar, which is largely the case now, and for the renminbi to be used as the reserve currency of choice. As the dollar continues to weaken with the relative decline of the US economy and the emergence of developing countries like China and India, it will steadily lose its global pre-eminence, to be replaced by a basket of currencies, with power initially being shared by the dollar and the euro, and perhaps the yen.[50] When the renminbi is made fully convertible, it is likely to become one of the three major reserve currencies, along with the dollar and the euro, and in time will replace the dollar as the world's major currency. This is a likely scenario within the next fifty years, more probably twenty to thirty years, perhaps even less.[51]

As I discussed in the last chapter, the present international financial institutions could well, in time, be superseded by new ones. Of course, it is possible that the IMF and the World Bank will be transformed into something very different, with, for example, China and India eventually usurping the role of the US, but a new institutional architecture may be more likely, operating alongside a progressively marginalized IMF and World Bank in which US influence remains predominant. Both the IMF and the World Bank enjoy rather less power and influence than was the case even a decade ago, and this process may well continue.[52]

CHINA'S BEHAVIOUR AS A GREAT POWER

In their heyday the major European nations sought to impose their designs on the rest of the world. Expansion by means of colonialism was at the heart of the European project, wedded to an aggressive mentality that stemmed from Europe's own seemingly perpetual habit of intra-European wars. Not surprisingly, the United States inherited important parts of this legacy, though its very different geopolitical circumstances, ensconced as it was in its own continent, also bred a powerful insularity. The United States,

which was founded on the missionary zeal of the Pilgrim Fathers and their contemporaries, and later articulated in a constitution that embodied an evangelizing and universalistic credo, was possessed of a belief in its manifest destiny and that its spiritual purpose was to enlighten the rest of the world.[53] This history of manifest destiny (an expansionist ideology that dates from the original settlers), the destruction of the Amerindians, and the restless desire to expand westwards, helps us to understand the behaviour of the United States as a global superpower. What, then, of China, whose origins and history could hardly be more different?

There are two factors that have to be considered. The first, associated with the so-called realist school of international relations, lays emphasis on the importance of interests and therefore stresses how great powers tend to behave in a similar fashion in the same circumstances.[54] 'Rising powers,' as Robert Kagan argues, 'have in common an expanding sense of interests and entitlement.'[55] Accordingly China will, in this view, tend to behave like any other global superpower, including the United States. The second factor, in contrast, emphasizes how great powers are shaped by their own histories and circumstances and therefore behave in distinct ways. As in the case of the United States, these two different elements - the one convergent and the other divergent - will combine to shape China's behaviour as a superpower. The convergent pressure is obviously a familiar one, but the divergent tendency, a product of Chinese particularism, is less knowable and more elusive.

The historian William A. Callahan argues, in this context, that there are four different narratives present within Chinese civilization.[56] The first is what he describes as *zhongguo*, or China as a territorial state. The obvious metaphor for this is the Great Wall - the desire to keep barbarians out - linked to the nativist sentiment, a constantly recurring theme in Chinese history, as evident in the Boxer Rebellion and continuing resentment towards foreign influences, notably American and Japanese. This view appeals to a defensive and inward-looking sense of Chineseness. It might crudely be described as China's equivalent of American insularity. The second is *da zhongguo*, a metaphor of conquest. This has been intrinsic to the expansion ary dynamic of the Chinese empire, as we saw in Chapter 8. In the conquest narrative, Chinese civilization is constantly enlarging and annexing new territory, seeking to conquer, subdue and civilize the barbarians on its borders. In the contemporary context, the conquest

narrative aims first at restoring the ‘lost territories’ and then seeking to reverse the ‘century of humiliation’. Yan Xuetong, a leading Chinese intellectual cited earlier, sees this in relatively benign terms: ‘the Chinese regard their rise as regaining China’s lost international status rather than obtaining something new . . . the Chinese consider the rise of China as a restoration of fairness rather than as gaining advantages over others.’[57] However, the conquest narrative also clearly lends itself to a much less benign and more expansionist and imperialist interpretation. The third narrative is *da zhonghua*, or conversion. This strand is as fundamental as that of conquest: the belief in the inherent superiority of Chinese civilization and the desire to convert others to its ways. To quote Mencius, the disciple of Confucius: ‘I have heard of the Chinese converting barbarians but not of their being converted by barbarians.’[58] The key issue here is neither conquest nor recovery but rather defining and spreading the characteristics of Chinese civilization. As we have seen, this is implicitly, sometimes explicitly, linked to race. Cultural China, as Callahan describes it, is an open and expansive concept, resembling the notion of soft power but not reducible to it. The fourth and final narrative is that of the Chinese diaspora, of the notion of Greater China as reflected in the continuing sense of Chinese identity embodied in the diaspora. Each of these narratives is present in, and serves as a continuing influence on, contemporary Chinese attitudes. Which of the first three - which are the relevant ones here - might predominate in the future, or at any one time, is a matter of conjecture.

It is important to bear in mind the difference historically between Western and Chinese patterns of behaviour. The former have long sought to project their power overseas to far-flung parts of the world, commencing with the Portuguese, Dutch and Spanish; the Chinese, in contrast, have no tradition of expansion other than continental-based territorial incrementalism. The Europeans, perhaps conditioned by the maritime experience of the Mediterranean, were, from the late fifteenth century, seeking to expand across the oceans. China, in contrast, has always seen itself as a land-based continental power and has never regarded itself or sought to become a maritime power with overseas ambitions. The very different purposes of the voyages of Zheng He on the one hand and the great European explorers on the other are an illustration of this. To this day, the Chinese have never sought to project themselves outside their own land mass.[59] Even now, the Chinese have failed to develop a blue-water navy. This does not mean that

the Chinese will not seek in future to project their power into distant oceans and continents, but there is no tradition of this. It is reasonable to assume that China, as a superpower, will in due course acquire such a capability but, unlike the West, it has hitherto not been part of the Chinese way of thinking and behaving.

There is another factor that may reinforce this historical reserve. Although the ‘century of humiliation’ is often seen as a reason why China might seek to extract some kind of historical revenge - one might recall Germany and the Treaty of Versailles - it could also act as a constraining factor. The experience of invasion and partial colonization, the fact that China suffered for so long at the hands of the Western powers and Japan, is likely to counsel caution: the German example, in other words, is entirely inappropriate - including the timescales involved, which are of an entirely different order. China will be the first great power that was a product of colonization, the colonized rather than a colonizer. As a result, China may act with considerable restraint for long into the future, even when its own power suggests to the contrary. The evidence for this lies in the present. The Chinese have gone to great lengths to act with circumspection and to reassure the world that they do not have aggressive intentions, the only exception being their attitude towards Taiwan. It is true that over the last half-century China has been involved in wars with the Soviet Union, India and Vietnam, but the first two were border disputes. This relative restraint touches on another dimension of the Chinese mentality, namely a willingness to be patient, to operate according to timescales which are alien to the Western political mind. This is eloquently summed up by former Chinese premier Zhou Enlai’s reported response to Henry Kissinger’s question in 1972 about the consequences of the French Revolution: ‘It is too early to say.’ Such thinking is characteristic of a civilization-state rather than a nation-state. And it is clearly reflected in Figure 47.

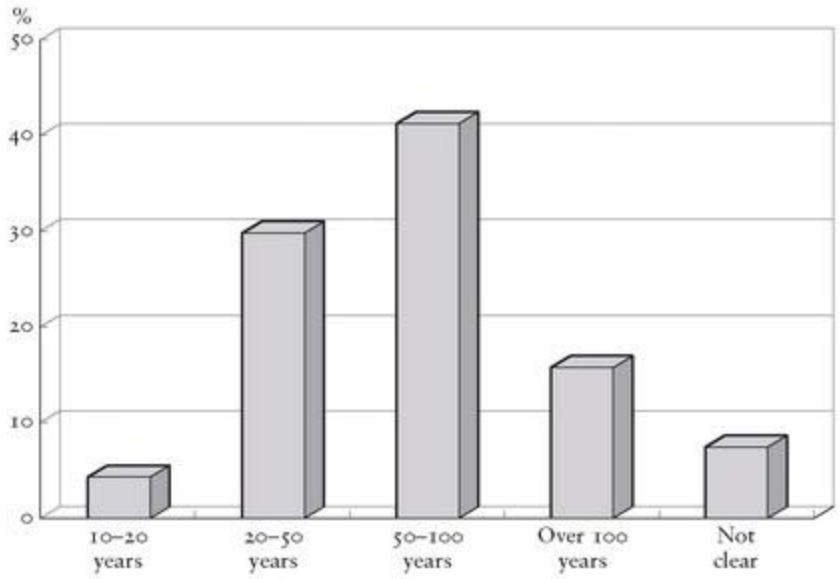


Figure 47. Response of Chinese youth to the question, 'How many years do you believe it will take for China's comprehensive national power to catch up with Western developed nations?'

It has been argued that Chinese military doctrine - stemming from the ancient military strategist Sun Zi (who lived *c*. 520-400 BC, just before the Warring States period) and others - sets much greater store on seeking to weaken and isolate the enemy rather than in actually fighting him: that force, in effect, should be a last resort and that its actual use is a sign of weakness rather than strength. As Sun Zi wrote, 'Every battle is won or lost before it is ever fought.' This is certainly a very important strand in Chinese strategic culture,[60] but it would be misleading, argues the international relations expert Alastair Iain Johnston, to regard this, rather than the contrary view that conflict is a constant feature of human affairs, as the dominant element in Chinese history. He writes: 'My analysis of the *Seven Military Classics* [the seven most important military texts of ancient China, including Sun Zi's *The Art of War*] . . . shows that these two paradigms cannot claim separate but equal status in traditional Chinese strategic thought. Rather the *parabellum* paradigm [that war is essential] is, for the most part, dominant.'[61] His view has been strongly contested by Chinese scholars, however.[62] Whichever view is correct, it seems likely that China will in due course acquire a very powerful military capability. In a 2003

survey of over 5,000 students drawn from China's elite universities - a potentially significant indicator of future Chinese attitudes - 49.6 per cent believed that China in future should become a world military power, while 83 per cent felt that Chinese military power was inadequate (see Figures 48 and 49).[63]

What conclusions might we draw? For perhaps the next half-century, it seems unlikely that China will be particularly aggressive. History will continue to weigh very heavily on how it handles its growing power, counselling caution and restraint. On the other hand, as China becomes more self-confident, a millennia-old sense of superiority will be increasingly evident in Chinese attitudes. But rather than being imperialistic in the traditional Western sense - though this will, over time, become a growing feature as it acquires the interests and instincts of a superpower - China will be characterized by a strongly hierarchical view of the world, embodying the belief that it represents a higher form of civilization than any other. This last point should be seen in the context of historian Wang Gungwu's argument that, while the tributary system was based on hierarchical principles, 'more important is the principle of superiority'.[64] This combination of hierarchy and superiority will be manifest in China's attitude towards East Asia and also, one strongly suspects, in a variegated way towards other continents and countries, notably Africa. Wang Gungwu suggests that even when China was forced to abandon the tributary system and adapt to the disciplines of the Westphalian system, in which all states enjoyed formal equality, China never really believed that this was the case. 'This doubt partly explains,' argues Wang Gungwu, 'the current fear that, when given the chance, the Chinese may wish to go back to *their long-hallowed tradition of treating foreign countries as all alike but equal and inferior to China* [my italics].'[65]

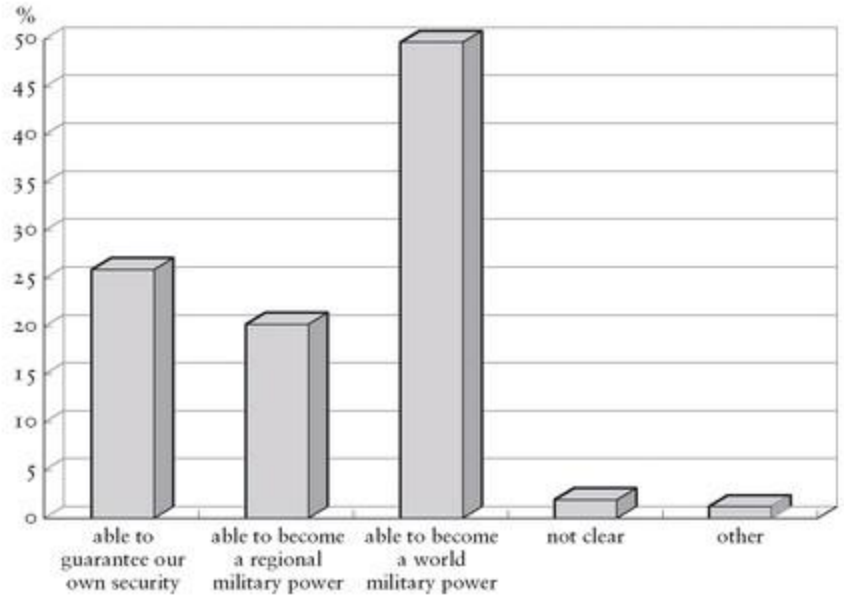


Figure 48. Response of Chinese youth to the question, 'Do you hope that China's future military power is . . . '

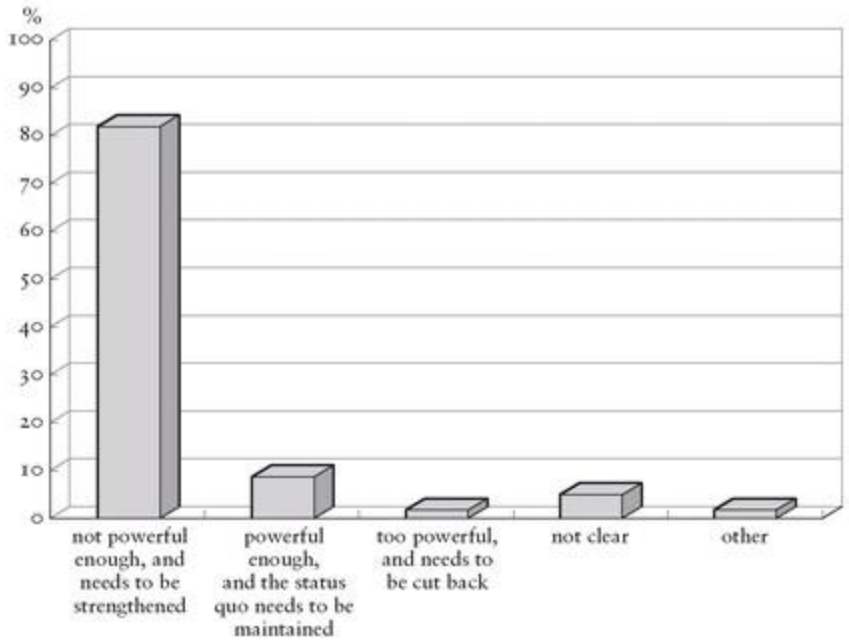


Figure 49. Response of Chinese youth to the question, 'Do you believe our military power is . . . '

The size of its population and the longevity of its civilization mean that China will always have a different attitude towards its place in the world from Europe or the United States. China has always constituted itself as, and believed itself to be, universal. That is the meaning of the Middle Kingdom mentality. In an important sense, China does not aspire to run the world because it already believes itself to be the centre of the world, this being its natural role and position. And this attitude is likely to strengthen as China becomes a major global power. As a consequence, it may prove to be rather less overtly aggressive than the West has been, but that does not mean that it will be less assertive or less determined to impose its will and leave its imprint. It might do this in a different way, however, through its deeply held belief in its own inherent superiority and the hierarchy of relations that necessarily and naturally flow from this.

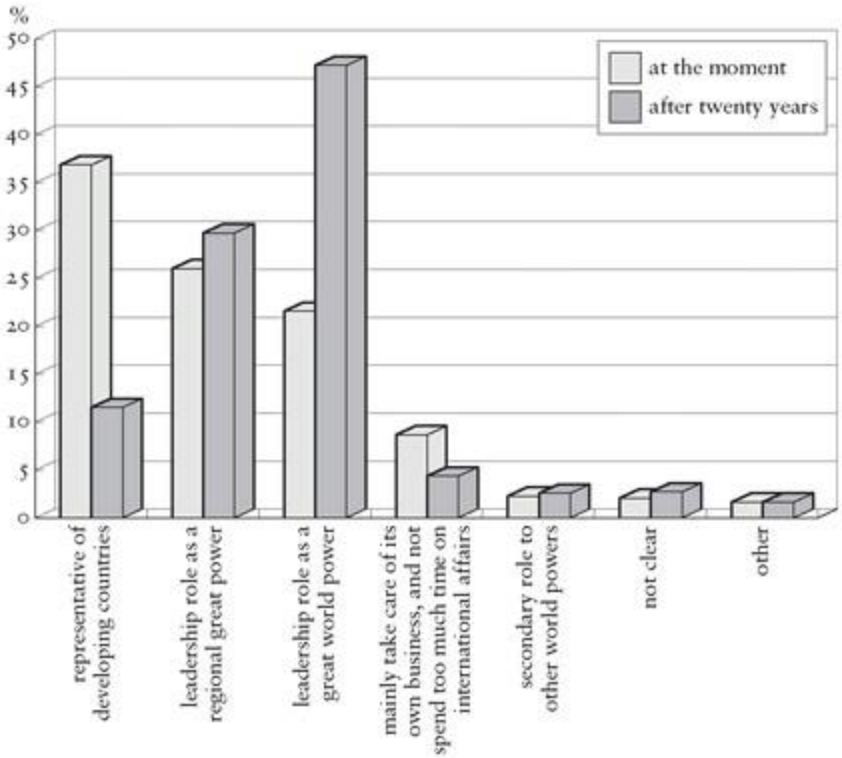


Figure 50. Response of Chinese youth to the question, 'What role do you think China should play in international affairs?'

A NEW POLITICAL POLE

Although the West finds it difficult to imagine a serious and viable alternative to its own arrangements, believing that ultimately all other countries, whatever their history or culture, are likely to converge on the Western model, China represents precisely such an alternative. To understand the nature of the Chinese polity - and how it differs from the West - one has to move beyond the present Communist regime and see China in a much longer-term context. Its underlying characteristics, as discussed in Chapter 7, can be summed up as follows: an overriding preoccupation with unity as the dominant imperative of Chinese politics; the huge diversity of the country; a continental size which means that the normal feedback loops of a conventional nation-state do not generally apply; a political sphere that has never shared power with other institutions like the Church or business; the state as the apogee of society, above and beyond all other institutions; the absence of any tradition of popular sovereignty; and the centrality of moral suasion and ethical example. Given the weight of this history, it is inconceivable that Chinese politics will come to resemble those of the West. It is possible, even likely, that in the longer run China will become increasingly democratic, but the forms of that democracy will inevitably bear the imprint of its deeply rooted Confucian tradition. Moreover, rather than seeing the post-1949 Communist regime as some kind of aberration from the norm of Chinese history, in many respects the Communist regime (especially the Deng and post-Deng era - more than the Maoist years) lies within the national tradition.

As China emerges as a major global power, it will present a different political face to that of the West. Since the Communist government has presided over a highly successful transformation of the country, it enjoys a great deal of internal prestige and support, as reflected in the self-confidence that the Chinese display about their future prospects (see Figures 51 and 52). As a result, for the next two decades - perhaps rather

longer - the Communist Party is likely to continue in power. Given its achievements, it would not be surprising, moreover, if it did not also enjoy a revival in, and major enhancement of, its global reputation, a process already under way.[66] In this context, we should think of China's Communist regime quite differently from that of the USSR: it has, after all, succeeded where the Soviet Union failed. It has also, since Deng, pursued an entirely different strategy, moving away from socialism and towards capitalism, including a significant dose of neo-liberalism. China's socialist legacy has nonetheless left a deep and continuing mark on society: the destruction of the old feudal elite in the Maoist land reform (in contrast to India); an attachment to the notion of a classless society even though this is now in rapid retreat; a strong belief in egalitarianism even amongst the urban intelligentsia; and the continuing appeal of a socialist vocabulary, as in the recent commitment of Hu Jintao and Wen Jiabao to build a 'socialist countryside'.[67] Whatever the fortunes of the Communist regime, however, the main political impact of China on the world will be its Confucian tradition, its lack of a Western-style democracy or tradition, the centrality of the state and the relative weakness of any civil society that is likely to develop. Even a more democratic China will be profoundly different from the Western model.

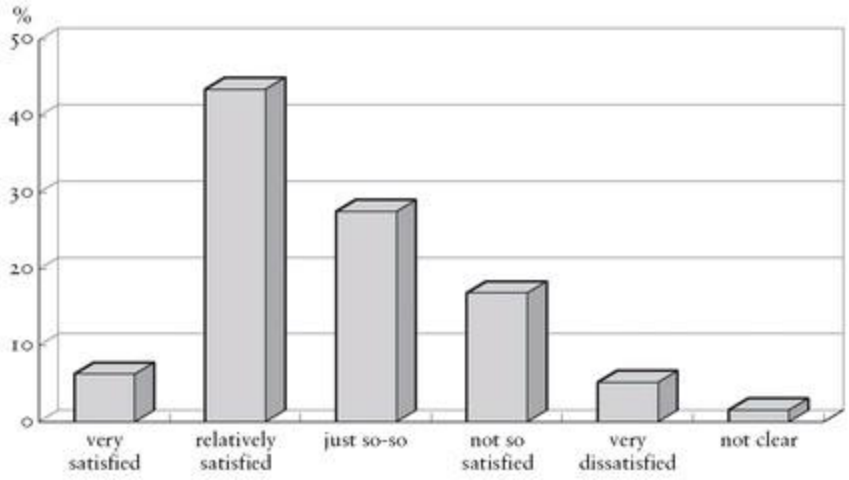


Figure 51. Response of Chinese youth to the question, 'Are you satisfied with your current living condition?'

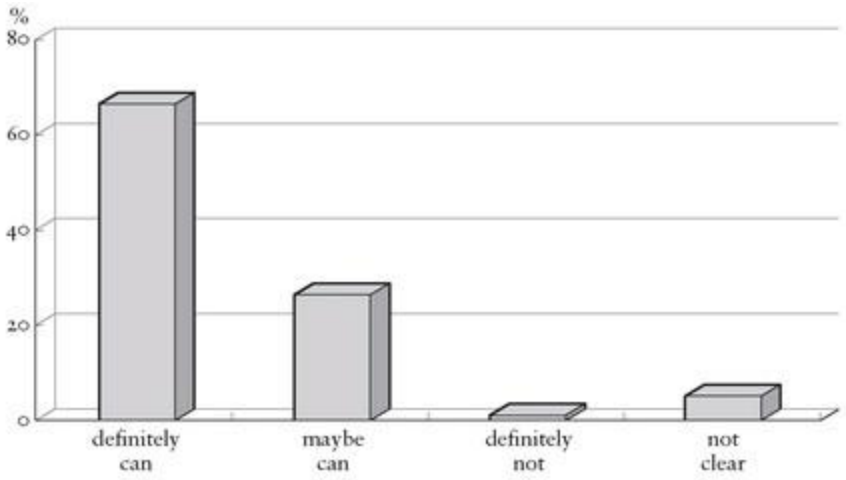


Figure 52. Response of Chinese youth to the question, 'Do you believe you can live a better life in the future?'

In short, China will act as an alternative model to the West, embodying a very different kind of political tradition - a post-colonial, developing country, a Communist regime, a highly sophisticated statecraft, and an authoritarian Confucian rather than democratic polity.

A CONTEST OF VALUES

The dominance of the West for the last two centuries has served to couch the debate about values overwhelmingly in terms of those that are civilized, a synonym for Western values, against those that are backward or reactionary, which has meant more or less all others, not least those of the Muslim world. In reality, values and cultures are far more complex and nuanced than this suggests. During the Cold War, the conflict over values was fought in highly ideological terms between capitalism and socialism. In the era of contested modernity, which will shape this century and well beyond, the debate over values will be rooted in culture rather than

ideology, since the underlying values of a society are primarily the outcome of distinctive histories and cultures. Although on the surface these values may appear very different, in fact, there are often striking similarities. As John Gray has pointed out, there is nothing uniquely Western about tolerance, for example: ‘The Ottomans practised religious toleration at a time when we did not, as did the medieval Moorish kingdom in Spain and the Buddhist kingdom of Asoka in India. Toleration could thus be described as a universal value. It’s not peculiarly liberal, and it’s not even peculiarly modern.’[68] Nonetheless, there is often conflict and tension between the various values that different peoples hold dear. In a world of multiple and often competing values, it will be important to find a way of enabling and allowing such conflicting values to coexist. This will be a precondition, in fact, for a globalized world of contested modernity to live in a relatively peaceful and harmonious way. It will pose the greatest challenge of all to the West because the latter has become accustomed to thinking of its own values as the norm and regarding itself as justified in imposing these on other countries and insisting that they be accepted by the international community.

There are two senses in which China will be a major protagonist in the debate about values. First, China has strongly resisted Western arguments that have sought to impugn its international reputation in terms of human rights, notably its lack of democracy and the relative absence of free speech. China largely succeeded in resisting American efforts in the nineties to condemn it in these terms, mainly because it managed to mobilize the support of many developing countries. In opposition, China and its supporters argued that what should take priority were not political rights in the domestic context but economic and social rights in the international context. The argument was essentially over the differing priorities, interests and experiences of the developed countries on the one hand and the developing countries on the other. By the end of the nineties, that argument began to fade into the background as China’s growing influence began to shift the balance of power and the nature of the debate. Indeed, in the first decade of this century, it was the United States rather than China that found itself on the defensive in the debate over values because of its conduct in Iraq and its behaviour at Guantánamo.

The second sense in which China will be a protagonist is less immediately politically charged but in the longer run rather more important.

As we have seen, the Chinese political order has a strong ethical component rooted in the Confucian tradition.[69] In Chinese culture a powerful distinction is made between right and wrong, as reflected, for example, in the emphasis placed in children's education at home and at school on their correct moral behaviour. Confucianism is essentially a set of precepts that prescribe appropriate forms of behaviour and in that sense, though secular rather than spiritual, is not dissimilar from major religious texts like the Bible and the Koran. These Confucian teachings underpinned the conduct of the state and the nature of Chinese statecraft during the dynastic period and are presently experiencing something of a revival. The continuing influence of Confucian culture is reflected in the highly moralistic tone that the Chinese government frequently adopts in its attitudes and pronouncements.[70] The profound differences in the values of China (and other Confucian-based societies like Japan and Korea) in contrast to those of Western societies - including a community-based collectivism rather than individualism, a far more family-orientated and family-rooted culture, and much less attachment to the rule of law and the use of law to resolve conflict - will remain pervasive and, with China's growing influence, acquire a global significance.

CAN YOU SPEAK MANDARIN?

One of the consequences of the Chinese being so numerous is that there are twice as many people in the world who speak Mandarin as their first or second language as English, with the great majority of them living in China. With the rise of China, however, growing numbers of people around the world are beginning to acquire Chinese as a second language. Since 2006 this process has been actively promoted by the Chinese government with the establishment of Confucius Institutes in many different countries, often linked to local universities. In 2007 there were 156 such institutes in 55 countries, with the aim of 200 by the end of that year.[71] Coming under the auspices of the Ministry of Education, the object of the Confucius Institutes (which are broadly modelled along the lines of the British Council, Alliance Française and the Goethe Institut) is primarily the teaching of the Chinese

language, including the training of Chinese teachers, together with the promotion of Chinese culture. It is estimated that 30 million people worldwide are now learning Chinese and that 2,500 universities in 100 countries run Chinese courses. The spread of Mandarin is most striking in East Asia. It is making rapid strides in Hong Kong, where Cantonese is the first language, and amongst overseas Chinese communities in South-East Asia. In South Korea there are 160,000 students studying Mandarin, an increase of 66 per cent within the past five years. In South Korea and Thailand all elementary and middle schools now offer Mandarin, and the Thai government hopes that one-third of high school students will be proficient in Mandarin by 2011.[72] One of the biggest obstacles is the paucity of Mandarin teachers, so the Chinese Ministry of Education has begun dispatching groups of language teachers, partially funded by the ministry, for one- and two-year stints in Cambodia, Thailand, Indonesia, Kenya, Argentina and many other countries.[73] The attraction of Mandarin in East Asia, of course, is obvious: as China becomes the centre of the East Asian economy, the most important market for exports of countries within the region and also their major source of inward investment, the ability to speak Mandarin will be of growing importance for trade, diplomacy and cultural exchange.

In contrast Mandarin is little taught in the West, but even here there has been an outbreak of Mandarin-fever, albeit in a much milder form. In a survey of US high schools in 2006, 2,400 said they would consider teaching Mandarin if the resources were available. Chicago, which has set itself the aim of becoming a hub of Chinese learning, had about twenty public schools teaching Mandarin to 3,500 pupils in 2006.[74] A survey in 2004, however, revealed that only 203 US high schools and about 160 elementary schools were teaching Mandarin. In total, there are thought to be about 50,000 American school children studying Mandarin at public schools and a similar number in private and specialist schools, with the major constraint being the lack of trained teachers. The UK reveals a similar picture, with just 2,233 entries for GCSE in 2000, and 3,726 in 2004. More private schools are beginning to offer Mandarin as an option, and there are plans under way to do the same in the state system. The number of students at UK colleges and universities taking Mandarin as their main subject doubled between 2002 and 2005, while similar increases have been recorded in other European countries.[75] The relative slowness of the Western response

speaks, especially in the US and the UK, to their abiding linguistic insularity and their failure to comprehend the wide-ranging implications of China's rise.

In the era of globalization, and an increasingly globalized media, language is an important component of soft power. The emergence of English as the global lingua franca - the interlocutor language of choice - carries considerable benefits for the United States in a myriad of different ways. It is far too early yet to say what the reach of Mandarin might one day be, but it will in time probably join English as a global lingua franca and perhaps eventually surpass it. The example of the internet is interesting in this context. Bret Fausett, who runs the ICANN (Internet Corporation for Assigned Names and Numbers) blog, has argued: 'We're at the peak of the English language on the internet. As internationalized domain names are introduced over the next few years, allowing users to conduct their entire online experience in their native language, English will decline as the central language of the internet.'[76]

Predicting the future of a language is fraught with difficulty. As the linguistic authority David Crystal writes: 'If, in the Middle Ages, you had dared to predict the death of Latin as the language of education, people would have laughed in your face - as they would, in the eighteenth century, if you had suggested that any language other than French could be a future norm of polite society.'[77] The rise of English has coincided with, and been a product of, the global dominance of the United States. By the same token, the decline of the United States will adversely affect the position of English: the global use of a language does not exist in some kind of vacuum but is closely aligned with the power of a nation-state.[78] The nascent competition between English and Mandarin for the status of global lingua franca, a contest which is likely to endure for this century and perhaps the next as well, is fascinating not least because, as languages and cultural forms, they could hardly be more different: one alphabetic, the other pictographic; one the vehicle for a single spoken language, the other (in its written form) embracing many different ones; English having grown by overseas expansion and conquest, Mandarin by a gradual process of territorial enlargement.

THE RISE OF CHINESE UNIVERSITIES

An important way in which the United States has left its mark on the world has been through its universities. It possesses what are generally regarded as the world's best universities, which attract some of the finest academics and students from around the globe. At the top US universities, researchers can enjoy facilities and resources second to none, while a degree from a university like Harvard, Berkeley or MIT carries more kudos than a degree from anywhere else, with the possible exception of Oxbridge. Great universities, of course, require huge national wealth and resources, be they public or private institutions. It is not surprising, therefore, that hitherto the West has dominated the league tables for the top universities. In the Times Higher Education World University Rankings for 2007, US universities accounted for six of the top ten and the UK four. In the top twenty there were two Asian universities, with Tokyo University 17th and Hong Kong University 18th. There were six Chinese universities in the top 200, with Beijing University 36th, Tsinghua University 40th, Fudan University 85th, Nanjing University 125th, University of Science and Technology of China 155th, and Shanghai Jiaotong University 163rd.[79] There were five Chinese universities in the top 200 in 2004. The Shanghai Jiaotong University's Academic Ranking of World Universities[80] and a similar one published by the China Scientific Review Research Centre confirm that the top Chinese universities are making progress up the global rankings. China is also emerging as a main centre of top-flight business education, according to a *Financial Times* ranking of Executive MBAs, which shows four of the top twenty programmes are based there (including Hong Kong).[81]

Growing numbers of foreign students are taking courses at Chinese universities. During the 2003 academic year, 77,628 foreign students were seeking advanced degrees at Chinese universities, of whom around 80 per cent were from other Asian countries. South Korea accounted for by far the largest number, almost half, but others came from Japan, Vietnam, Thailand, Indonesia, Nepal and elsewhere.[82] In addition, Chinese students study abroad in large numbers, especially in the United States but also in the UK. The number of Chinese studying in the United States has been

around 60,000 a year since 2001, while Chinese enrolments in the UK leapt to over 50,000 in 2003-4.[83]

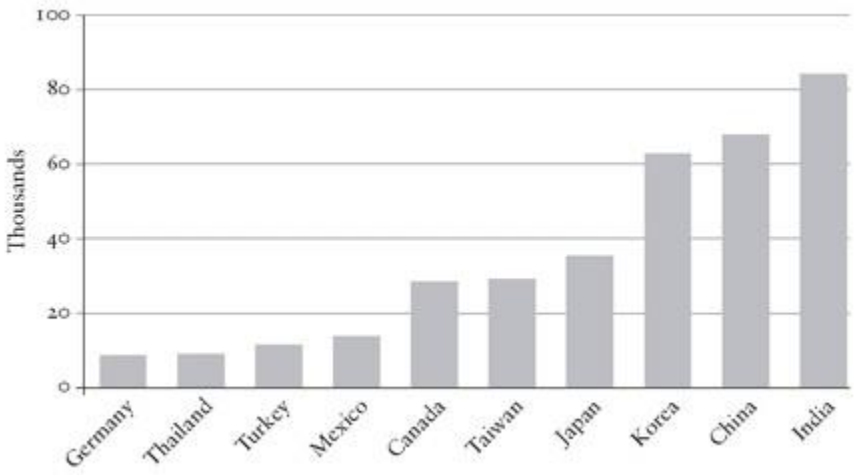


Figure 53. Origin of international students in the United States, 2007.

It seems likely that Chinese universities will, over the next two decades, rise steadily up the global rankings to eventually occupy positions within the top ten. In order to accelerate this process the government is making determined attempts to attract leading overseas Chinese scholars to take up appointments at Chinese universities.[84] Universities like Beijing, Tsinghua, Fudan and Renmin will, in time, become institutions of recognized global excellence that are increasingly able to attract some of the best scholars from around the world, Chinese or otherwise, while the trend already evident for Chinese universities to become a magnet for students in East Asia will grow as they begin to perform an equivalent academic role in the region to that played by the Chinese economy.

CHINESE CULTURE AS SOFT POWER

When a country is on the rise, a virtuous circle of expanding influence tends to develop. As China grows more powerful, more and more people want to

know about it, read about it, watch television programmes about it and go there as tourists. As China grows richer and its people enjoy expanding horizons, so the cultural output of the country will increase exponentially. Poor countries have few resources to devote to art galleries or arts centres; can sustain, at best, only a small film industry and a somewhat prosaic television service; can afford only threadbare facilities for sport; while their newspapers, unable to support a cohort of foreign correspondents, rely instead on Western agencies or syndicated articles for foreign coverage. A report several years ago, for example, showed that only 15 per cent of Chinese men aged between fifteen and thirty-five actively participated in any sporting activity, compared with 50 per cent in the US, while on average the country has less than one square metre of sports facilities per person.[85] As China grows increasingly wealthy and powerful, it can afford to raise its sights and entertain objectives that were previously unattainable, such as staging the Olympic Games, or producing multinational blockbuster movies, or promoting the Shaolin Monks to tour the world with their kung fu extravaganza, or building a state-of-the-art metro system in Beijing, or commissioning the world's top architects to design magnificent new buildings. Wealth and economic strength are preconditions for the exercise of soft power and cultural influence.

Hollywood has dominated the global film industry for more than half a century, steadily marginalizing other national cinemas in the process. But now there are two serious rivals on the horizon. As Michael Curtin argues:

Recent changes in trade, industry, politics and media technologies have fuelled the rapid expansion and transformation of media industries in Asia, so that Indian and Chinese centres of film and television production have increasingly emerged as significant competitors of Hollywood in the size and enthusiasm of their audiences, if not yet in gross revenues . . . Media executives can, for the very first time, begin to contemplate the prospect of a global Chinese audience that includes more moviegoers and more television households than the United States and Europe combined.[86]

Over the last decade, mainland film directors like Zhang Yimou and Chen Kaige have joined the Taiwanese Ang Lee in becoming increasingly well known in the West, as have Chinese film stars like Gong Li, Jet Li, Zhang

Ziyi and Hong Kong's Jackie Chan. In recent years there has been a series of big-budget, blockbuster Chinese movies, often made with money from China, Hong Kong and the United States, which have been huge box office successes both in China and the West. Obvious examples are *Hero*, *Crouching Tiger, Hidden Dragon*, *House of Flying Daggers*, *The Forbidden Kingdom* and *Curse of the Golden Flower*, which together mark a major shift from the low-budget, art-house films for which China was previously known. The blockbuster movies are generally historical dramas set in one of the early dynasties, drawing on China's rich history and punctuated with dramatic martial arts sequences.[87] Not surprisingly, the storylines and approaches of Hollywood and Chinese movies differ considerably, reflecting their distinctive cultures. While Hollywood emphasizes the happy ending, this is never a major concern for Chinese films; action ranks highly for Hollywood, martial arts for the Chinese; cinematic realism matters for the US, social realism for Chinese audiences. In the longer run the Chinese film industry is likely to challenge the global hegemony of Hollywood and embody a distinctive set of values. It also seems likely that, in the manner of Sony's takeover of Columbia, Chinese companies will, in time, acquire Hollywood studios, though this will probably have little effect on their output of Hollywood-style movies.[88]

It is worth noting in this context the extraordinary influence that martial arts already enjoy in the West. Fifty years ago the pugilistic imagination of Western children was overwhelmingly dominated by boxing and, to a much lesser extent, wrestling. That picture has completely changed since the 1970s. The Western pugilistic traditions have been replaced by those of East Asia, and in particular China, Japan and Korea, in the form of tae kwon do, judo and kung fu, while amongst older people t'ai chi has also grown in influence. The long-term popularity of martial arts is a striking example of how in the playground and gym certain East Asian traditions and practices have already supplanted those of the West.[89]

The economic rise of China, and of Chinese communities around the world, is changing the face of the market for Chinese art. Chinese buyers are now as numerous as Western ones at the growing number of New York and London auctions of Chinese art, a genre which, until a few years ago, was largely neglected by the international art market. In 2006 Sotheby's and Christie's, the world's biggest auction houses, sold $190 million worth of contemporary Asian art, most of it Chinese, in a series of record-breaking

auctions in New York, London and Hong Kong. At the end of that year a painting by contemporary artist Liu Xiaodong was sold to a Chinese entrepreneur for $2.7 million at a Beijing auction, the highest price ever paid for a piece by a Chinese artist. With auction sales of $23.6 million in 2006, Zhang Xiaogang was second only narrowly to Jean-Michel Basquiat in the ArtPrice ranking of the 100 top-selling artists in the world: altogether there were twenty-four Chinese artists in the list, up from barely any five years ago. These changes reflect the growing global influence of Chinese art and artists.[90]

China, however, still lags hugely behind the West when it comes to the international media. Recently the Chinese government has attempted to expand their international reach, upgrading Xinhua, the state news agency, creating new overseas editions of the *People's Daily* and an English-language edition of the *Global Times*, professionalizing the international broadcasting of CCTV, and enabling satellite subscribers in Asia to receive a package of Chinese channels.[91] Compared with the international audiences achieved by Western media like CNN and the BBC, the Chinese media have barely begun to scratch the surface, but the success of Al-Jazeera suggests that mounting a serious challenge to the Western media is not as difficult as it once seemed. Over the next decade or so, we can expect a major attempt by the Chinese authorities to transform the reach of their international media, employing a combination of new international television channels, perhaps an international edition of the *People's Daily* and new websites. The potential of CCTV, for example, should not be underestimated. It already reaches 30 million overseas Chinese, while its broadcast of the opening ceremony of the Beijing Olympics commanded an average home audience of half a billion, rising to 842 million at its peak. Its revenues in 2008 were expected to top $2.5 billion, compared with about $1 billion in 2002. With this kind of domestic base, its international potential, as China reaches out to the world, and vice versa, could be enormous.[92]

THE BEIJING OLYMPICS

Sport is not an activity in which China has traditionally excelled, but over the last twenty years Chinese athletes have become increasingly successful. The government has invested large sums of money in sports facilities in order to try to raise China's level of achievement, with the main emphasis being on those disciplines represented at the Olympics, where success has been seen as one of the requisite symbols of a major power. Although China has only been competing in the modern era since the Los Angeles Olympics in 1984, the investment was rewarded at the Athens Olympics in 2004 when China won thirty-two gold medals, behind the US but ahead of Russia. China first applied to hold the Olympics in 1993 but only in 2001 did its bid finally succeed. The 2008 Beijing Olympics was the first occasion that China had ever hosted a great global sporting event and it was clear during the build-up that the Chinese government saw them as an opportunity to demonstrate to the world what China had achieved since 1978. The preparations were enormous and lavish, with little expense spared. Magnificent new stadiums were constructed, new parks laid out, and many new roads and subway lines built - with the Games costing, including the many infrastructural projects, an estimated $43 billion. The centrepiece was the Bird's Nest, which has rapidly become one of the world's iconic landmarks - a work, notwithstanding its scale, of beauty, intricacy and intimacy. It was designed by the Swiss architects Herzog & de Meuron in collaboration with the Chinese artist Ai Wei-wei, and contains many traditional Chinese motifs.[93] The Chinese authorities went to great lengths to try to deal with the pollution that envelopes Beijing on most summer days, including banning around 2 million cars a day from its streets, a measure that proved relatively effective and which has been continued subsequently.[94]

The Games themselves were generally agreed to have been a tour de force. They were very well organized and ran perfectly to time, the athletes were well cared for and there were no serious mishaps. The Chinese topped the medal table for the first time, with fifty-one gold medals compared with thirty-six for the United States, although the latter's total medal haul exceeded China's by ten. Arguably the most impressive event was the opening ceremony, which was directed by the Chinese film director Zhang Yimou. The elaborate show included 15,000 performers and a three-part production focused largely on China's history; it was suffused with many typical Chinese elements, including the choreography of dancers on a giant

calligraphy scroll and the serried ranks of 2,008 drummers on a traditional Chinese percussion instrument, the *fou*. It was a demonstrably confident, sure-footed and highly accessible statement to the world about Chinese history and culture.[95] After the Games, there was general agreement that China had raised the Olympic bar to a new level which it would be well-nigh impossible for others to equal, let alone surpass; as the baton passed to London, which holds the 2012 Games, there was some trepidation in the UK as to how it might stage an Olympics which did not pale in comparison. Notwithstanding that China is a poor country and Britain a rich one, the UK authorities made it clear from the outset that the 2012 Games will be a much more modest affair.

Apart from the Olympic events, Chinese players have managed to make a mild impact on the tennis circuit, with six figuring amongst the top 120 women in 2007, and Zheng Jie reaching the Wimbledon women's semi-final in 2008. The most dramatic success so far has been the emergence of China's Yao Ming as one of the top basketball players in the US's NBA and a huge star in China. Like the leading European football clubs, the NBA sees China as offering a major new market for their sport.[96] The Chinese government - unlike Japan or India - sees sporting success as important to the country's status and prestige, and consequently over the coming decades China is likely to become a major player in a range of prominent sports.[97]

CHINESE FOOD AND MEDICINE

There are two ways in which China already enjoys a major global cultural influence: food and, to a rather lesser extent, traditional Chinese medicine. The global spread of Chinese cuisine has been taking place for many decades, consequent upon Chinese migration, to the point where it is now highly familiar in most parts of the world. Even if people know little about China, they are often familiar with a Chinese dish or two, and are conversant with chopsticks even if they cannot use them. Interestingly, the global influence of Chinese food stems not from China's rise but from the opposite - its previous poverty and the desire of poor Chinese to seek a better life elsewhere. Typically, migrants either sought to establish a

Chinese restaurant in their adopted homeland or, more likely, get a job in one as a stepping stone to later owning a restaurant of their own. The spread of traditional Chinese medicine outside the mainland has largely been an outcome of the same process, with overseas Chinese taking the traditions of Chinese medicine with them and slowly introducing them to the host population. Both Chinese food and medicine are products of China's long and rich history and its ancestry as a civilization-state.[98] Indeed, it is interesting to reflect that what most of the world knows about China is through these two quintessentially civilizational legacies. Although their diffusion long predates China's rise, the country's growing influence can only accelerate this process. For over two centuries the Chinese cuisines familiar to foreigners have been those associated with the regions from which Chinese migrants have predominantly come, notably Guangdong and Fujian provinces; but the knowledge and availability of other cuisines is now spreading rapidly.[99] The richness and diversity of Chinese cuisine means that it is highly flexible, able to cater for many different tastes and needs, from cheap takeaways at one end to lavish, upmarket banquets at the other. Until recently it has been mainly associated with the former, but in recent years that has changed.[100] The growing popularity of Chinese food is closely linked to the post-war spread of restaurant eating in the West, a relatively new Western phenomenon, but one which dates back over a millennium in China.[101]

The global reach of traditional Chinese medicine is also likely to continue expanding. Every Chinese hospital has a department devoted to Chinese medicine, with doctors frequently qualified in both Western and Chinese medicine. When Western-style drugs are prescribed they are often combined with traditional Chinese treatments (which was my own experience in a Beijing hospital).[102] The major constraint on the development of Chinese medicine in the West has been that it is not subject to the same kind of regulation as Western medicine (though clinical trials are quite common in China).[103] Western drugs have made some headway in China, but traditional Chinese medicines are still favoured by most people, including the affluent middle class and the highly educated, on the grounds that they have thousands of years of experience behind them, are cheaper, and also devoid of toxic side effects. It is accepted that Western drugs are superior for diseases like cancer, but even when these are used, people will

generally revert to Chinese medicines subsequently.[104] The contrast between Chinese and Western medicine eloquently sums up the difference between civilizational wisdom and scientific knowledge. Chinese medicine, rather like the world's cuisines, is a product of thousands of years of trial and error, of the everyday experience and resourcefulness of hundreds of millions of people and their interaction with their plant environment; Western medicine is a rigorous product of the scientific method and the invention and refining of chemicals. With the exception of those fundamentalists of the scientific method who believe that they enjoy a monopoly of true knowledge, there is a widespread and growing acceptance in the West that medicinal palliatives and cures derived from civilizational experience are a valid and important part of medicine, even if we do not understand, at least as yet, how the great majority of them actually work.

THE DECLINE AND FALL OF THE WEST

The purpose of this chapter has been to explore the ways in which Chinese global hegemony is likely to grow over the next half-century. There is another side to this coin which we should consider before we conclude. The most traumatic consequences of this process will be felt by the West because it is the West that will find its historic position being usurped by China. The change that this will represent can hardly be exaggerated. For well over two centuries, in some respects much longer, the West, first in the form of Europe and later in the shape of the United States, has enjoyed overwhelming global pre-eminence. Since 1945 Europe has been obliged to adjust to the fact that it is no longer the dominant player in world politics. The sense of being less and less central to a world that it had previously dominated has been a traumatic experience for European states, especially Britain and France. One response has been the construction of the European Union as a way of mitigating the decline in the power and status of individual states. The fact that European dominance was replaced by that of the United States, however, has helped to lessen this sense of loss. Driven by the Cold War antagonism towards the Soviet Union, an enhanced and transformed concept of the West was forged which effectively enabled

Western Europe, at least until 1989, to remain a major global player alongside the United States, even though it was very much the junior partner. This was no ordinary relationship between nation-states based on specific interests, however. On the contrary, the United States was a product of European migration: it had been built by Europeans (together with African slaves) and saw itself as the New World joined at the hip with the Old World whence it came. In other words, history, civilization, culture, ethnicity and race, as well as the exigencies of geopolitics, served to weld and underpin the Western alliance.

The rise of China will have no such compensations, either for a declining Europe or a dethroned United States. Europe, at least, has had some preparation for this eventuality: it has spent the last half-century adjusting to decline and dethronement. Even now, though, Europe still finds it extremely difficult to understand its increasingly modest place in the world and to adjust its sights accordingly. The case of Britain is most striking in this context. In a desperate attempt to remain a global power with a metaphorical seat at the top table, it has tenaciously hung on to the coat-tails of the United States, constantly walking in its shadow, seemingly always prepared to do its master's bidding.[105] Its foreign policy has long been a clone of that of the United States and its defence and intelligence policies are almost entirely dependent on and deeply integrated with those of the US. The UK's dependence on the US is a measure not simply of its own weakness and of its failure to find an independent place in the world following the collapse of its imperial role, but also of how traumatic it has found the idea of no longer being a great power. The relationship with the United States has been a surrogate for its lost past. Europe's continuing existential crisis underlines how difficult it is for countries to adjust, not least psychologically, to a world in which their importance is greatly diminished. Europe's decline, furthermore, will certainly continue into the indefinite future. Its remarkable role over the last four hundred years will never be repeated and will become an historical curiosity in the manner of the Greek and Roman empires, whose present-day incarnations as Greece and Italy reflect the grandeur of their imperial past in little more than the survival of some of their historic buildings.

If Europe will suffer, that is nothing to the material and existential crisis that will be faced by the United States. It is almost completely unprepared for a life where it is not globally dominant. Under the Bush administration

it sought to redefine itself as the world's sole superpower, able to further its interests through unilateralism and shun the need for alliances: in other words, far from recognizing its relative decline and the prospect of a diminution in its power, it drew precisely the opposite conclusion and became intoxicated with the idea that US power could be further expanded, that America was in the ascendancy, that the world in the twenty-first century could be remade in the country's image. The dominant ideological force during the Bush era was neo-conservatism, which was predicated on the belief that the United States could and should assert itself in a new way. In the wake of 9/11 Washington was in thrall to a debate about empires and whether the United States was now an imperial power and what that might mean. The Bush administration represented the most extreme expression so far of an aggressive, assertive and expansionist America, but even after it was widely seen to have failed as a result of the Iraq debacle, there were not many in the United States who drew the conclusion that the country was in longer-term decline, that far from it being on the eve of a new global dominance, its power had, in fact, already peaked; on the contrary, there was a widespread perception that the United States simply needed to find a less confrontational and more consensual way of exercising its global leadership. Not even the advances made by China in East Asia were interpreted as the harbinger of a major shift in global power.

The heart-searching that accompanied the 2007- 8 primary and presidential campaign around Barack Obama's candidature did not, at least until the financial meltdown just before the election, reach the conclusion that the United States would have to learn to live with decline. Even the precipitous decline in the value of the dollar in 2006-7 did not provoke fear of American decline, though a small minority of observers recognized that in the longer term the position of the dollar might come under threat. The United States thus remained largely blind to what the future might hold, still basking in the glory of its past and its present, and preferring to believe that it would continue in the future. Britain displayed a similar ignorance - and denial - about its own decline after 1918, constantly seeking to hold on to what it had gained, and only letting go when it could see no alternative. Indeed it only began to show an underlying recognition of its own decline in the 1950s, when it became obvious it would lose its colonies. The turning point in the United States may well prove to have been the financial meltdown in September 2008, with the near collapse of the financial system

and the demise of neo-liberalism. The US National Intelligence Council report in November 2008 represented a 180-degree shift compared with its previous report just four years earlier in 2004. While the latter predicted continuing American global dominance, 'positing that most major powers have forsaken the idea of balancing the US', the new one anticipated American decline, the emergence of multipolarity, and a world in which the US would increasingly be obliged to share power with China and India. It declared: 'By 2025, the US will find itself as one of a number of important actors on the world stage, albeit still the most powerful one.'[106] The task facing Barack Obama's presidency is far from enviable. The worldwide euphoria that greeted his election sits uneasily with what appears to be the most difficult task that has confronted any US president over the last century: managing long-term decline in an immediate context of the worst recession since 1945 and a commitment to fighting two wars. Encouragingly, Obama's election indicates that the US is capable of opting for an imaginative and benign response to its travails. But these are very early days yet: we are only at the beginning of a protracted process with many acts to follow over several decades, if not more. The American Right is powerful and entrenched, with deep well-springs of support. The biggest danger facing the world is that the United States will at some point adopt an aggressive stance that treats China as the enemy and seeks to isolate it. A relatively benign example of this was the proposal of the Republican presidential candidate Senator John McCain for a 'league of democracies', designed to exclude China and Russia (which he also wanted to expel from the G8) and thereby create a new global division.[107] The longer-term fear must be that the US engages China in military competition and an arms race in something akin to a rerun of the Cold War.

The fact that China derives from utterly different civilizational and historical roots to those of the West, and is possessed of quite different geographical coordinates, will greatly accentuate the Western sense of loss, disorientation and malaise. It was one thing for Britain to have been confronted with the United States - given the obvious affinities and commonalities that they enjoyed - as its rival and successor as the world's dominant power, but it is an entirely different matter for the United States to be faced with China - with whom it has nothing in common in either civilizational or political terms - as its usurper and ultimate replacement. For the United States, the shock of no longer having the world to itself -

what has amounted to a proprietorial right to determine what happens on all major global questions - will be profound. With the rise of China, Western universalism will cease to be universal - and its values and outlook will become steadily less influential. The emergence of China as a global power in effect relativizes everything. The West is habituated to the idea that the world is *its* world, the international community *its* community, the international institutions *its* institutions, the world currency - namely the dollar - *its* currency, and the world's language - namely English - *its* language. The assumption has been that the adjective 'Western' naturally and implicitly belongs in front of each important noun. That will no longer be the case. The West will progressively discover, to its acute discomfort, that the world is no longer Western. Furthermore, it will increasingly find itself in the same position as the rest of the world was during the West's long era of supremacy, namely being obliged to learn from and live on the terms of the West. For the first time, a declining West will be required to engage with other cultures and countries and learn from their strengths. The United States is entering a protracted period of economic, political and military trauma. It finds itself on the eve of a psychological, emotional and existential crisis. Its medium-term reaction is unlikely to be pretty: the world must hope it is not too ugly.

12

Concluding Remarks: The Eight Differences that Define China

Broadly speaking, there have been two kinds of Western response to the rise of China. The first sees China more or less solely in economic terms. We might call this the ‘economic wow factor’. People are incredulous about the growth figures. They are in awe of what those growth figures might mean for China’s position in the world. Any undue concern about their implications, moreover, is calmed by the belief that China is steadily becoming more like us, possessed of the accoutrements - from markets and stock exchanges to cars and private homes - of a modern Western society. This response is guilty of underestimating what the rise of China represents. It is a victim of tunnel vision and represents a failure of imagination. Economic change, fundamental as it may be, can only be part of the picture. This view, blind as it is to the importance of politics and culture, rests on an underlying assumption that China, by virtue of its economic transformation, will, in effect, become Western. Consciously or unconsciously, it chimes with Fukuyama’s ‘end of history’ view: that since 1989 the world has been converging on Western liberal democracy. The other response, in contrast, is persistently sceptical about the rise of China, always half expecting it to end in failure. In the light of Maoism, the collapse of the Soviet Union and the suppression of the students in Tiananmen Square, the argument runs, it is impossible for China to sustain its transformation without fundamental political change: unless it adopts the Western model, it will fail. The first view holds that China will automatically become Western, the second does not: but both share the belief that for China to succeed, it must, in effect, become Western.

This book is predicated on a very different approach. It does not accept that the ‘Western way’ is the only viable model. In arguing this, it should be borne in mind that the West has seen off every major challenge it has faced,

culminating in the defeat after 1989 of its greatest adversary, Soviet Communism. It has a formidable track record of growth and innovation, which is why it has proved such a dynamic force over such a long period of time. Unlike the stark either/or alternatives of the great ideological era between 1917 and 1989, the choices are now more nuanced. The East Asian examples of modernization have all drawn from the Western experience, including China's post-1978 transformation. But to suggest that this is the key to East Asia's success or even amounts to the main story is a mistake. The reason for China's transformation (like those of the other East Asian countries, commencing with Japan) has been the way it has succeeded in combining what it has learnt from the West, and also its East Asian neighbours, with its own history and culture, thereby tapping and releasing its native sources of dynamism. We have moved from the era of either/or to one characterized by hybridity.

Central to the book is the contention that, far from there being a single modernity, there will in fact be many. Until around 1970 modernity was, with the exception of Japan, an exclusively Western phenomenon. But over the last half-century we have witnessed the emergence of quite new modernities, drawing on those of the West but ultimately dependent for their success on their ability to mobilize, build upon and transform the indigenous. These new modernities are no less original for their hybridity; indeed, their originality lies partly in that phenomenon. Nor will hybridity remain an exclusively Asian or non-Western condition: in the face of the growing success of East Asian societies, the West will be obliged to learn from and incorporate some of their insights and characteristics. In a limited way this is already the case, with the West, for example, employing some of the innovations developed by the Japanese system of manufacturing - although, given that these are very much rooted in Japanese culture, usually with somewhat less success. A key question concerns which elements of the Western model are indispensable and which are optional. Clearly, all successful examples of economic transformation currently on offer are based upon a capitalist model of development, although their economic institutions and policies, not to mention their politics and culture, display very wide variations. However, the proposition that the inheritance must, as a precondition for success, include Enlightenment principles such as Western-style rule of law, an independent judiciary and representative government is by no means proven. Japan, which is at least as advanced as

its counterparts in the West, is not based on the principles of the Enlightenment, nor does it embrace Western-style democracy, even though, since the early fifties, largely for reasons of political convenience, it has routinely been seen as doing so by the West. And even if China moves in the direction of more representative government and a more independent judiciary, as it probably will in the long term, it will surely do so in very much its own way, based on its own history and traditions, which will owe little or nothing to any Western inheritance.

The desire to measure China primarily, sometimes even exclusively, in terms of Western yardsticks, while understandable, is flawed. At best it expresses a relatively innocent parochialism, at worst it reflects an overweening Western hubris, a belief that the Western experience is universal in all matters of importance. This can easily become an excuse for not bothering to understand or respect the wisdom and specificities of other cultures, histories and traditions. The problem, as Paul A. Cohen has pointed out, is that the Western mentality - nurtured and shaped by its long-term ascendancy - far from being imbued with a cosmopolitan outlook as one might expect, is in fact highly parochial, believing in its own univeralism; or, to put it another way, its own rectitude and eternal relevance.[1] If we already have the answers, and these are universally applicable, then there is little or nothing to learn from anyone else. While the West remained relatively unchallenged, as it has been for the best part of two centuries, the price of such arrogance has overwhelmingly been paid by others, as they were obliged to take heed of Western demands; but when the West comes under serious challenge, as it increasingly will from China and others, then such a parochial mentality will only serve to increase its vulnerability, weakening its ability to learn from others and to change accordingly.

The problem with interpreting and evaluating China solely or mainly in terms of the Western lexicon of experience is that, by definition, it excludes all that is specific to China: in short, what makes China what it is. The only things that are seen to matter are those that China shares with the West. China’s history and culture are dismissed as a blind alley or merely a preparation for becoming Western, the hors d’oeuvres before the Western feast. Such an approach is not only demeaning to China and other non-Western cultures, it also largely misses the point. By seeing China in terms of the West, it refuses to recognize or acknowledge China’s own originality

and, furthermore, how China's difference might change the nature of the world in which we live. Since the eighties and nineties, the heyday of the 'globali zation as Westernization' era, when the Asian tigers, including China, were widely interpreted in these terms, there has been a dawning realization that such a huge country embodying such a rich history and civilization cannot be so summarily dismissed. We should not exaggerate - the Western consensus still sees history as a one-way ticket to Westernization - but one can detect the beginnings of a new Western consciousness, albeit still weak and fragile, which is more humble and realistic. As China grows increasingly powerful - while remaining determinedly different - the West will be forced, however reluctantly, to confront the nature and meaning of that difference. Understanding China will be one of the great challenges of the twenty-first century.

What then will be the key characteristics of Chinese modernity? They are eight in all, which for the deeply superstitious Chinese happens to be their lucky number. In exploring these characteristics, we must consider both the internal features of China's modernity and, given China's global importance, how these might impact upon and structure its global outlook and relations.

First, China is not really a nation-state in the traditional sense of the term but a civilization-state. True, it describes itself as a nation-state, but China's acquiescence in the status of nation-state was a consequence of its growing weakness in the face of the Western powers from the late nineteenth century.

The Chinese reluctantly acknowledged that China had to adapt to the world rather than insisting, in an increasingly utopian and hopeless mission, that the rest of the world should adapt to it. That cannot hide the underlying reality, however, that China is not a conventional nation-state. A century might seem a long time, but not for a society that consciously thinks of itself as several millennia old. Most of what China is today - its social relations and customs, its ways of being, its sense of superiority, its belief in the state, its commitment to unity - are products of Chinese civilization rather than its recent incarnation as a nation-state. On the surface it may seem like a nation-state, but its geological formation is that of a civilization-state.

It might be objected that China has changed so much during the period of its accommodation to the status of nation-state that these lines of continuity

have been broken and largely erased. There was the failure of the imperial state to modernize, culminating in its demise in the 1911 Revolution; the failure of the nationalist government to modernize China, unify the country, or defeat the occupying powers (notably Japan), leading to its overthrow in the 1949 Revolution; the Maoist period, which sought to sweep away much of imperial China, from Confucius and traditional dress to the old patterns of land tenure and the established social hierarchies; followed by the reform period, the rapid decline of agriculture, the rise of industry and the growing assertion of capitalist social relations. Each of these periods represents a major disjuncture in Chinese history. Yet much of what previously characterized China remains strikingly true and evident today. The country still has almost the same borders that it acquired at the maximum extent of the Qing empire in the late eighteenth century. The state remains as pivotal in society and as sacrosanct as it was in imperial times. Confucius, its great architect, is in the process of experiencing a revival and his precepts still, in important measure, inform the way China thinks and behaves. Although there are important differences between the Confucian and Communist eras, there are also strong similarities. This not to deny that China has changed in fundamental ways, but rather to stress that China is also marked by powerful lines of continuity - that, to use a scientific analogy, its DNA remains intact. This is a country, moreover, which lives in and with its past to a greater extent than any other: tormented by its failure to either modernize or unify, China possesses a past that casts a huge shadow over its present, to the extent that the Chinese have lived in a state of perpetual regret and anguish. But as China finally circumnavigates its way beyond the ‘century of humiliation’ and successfully concludes its 150-year project of modernization, it will increasingly search for inspiration, nourishment and parallels in its past. As it once again becomes the centre of the world, it will luxuriate in its history and feel that justice has finally been done, that it is restoring its rightful position and status in the world.[2]

When China was down, it was obliged to live according to the terms set by others. It had no alternative. That is why it reconciled itself to being a nation-state, even if it never really believed this to be the case. It was a compromise borne of expediency and necessity. But as China arrives at modernity and emerges as the most powerful country in the world, it will no longer be bound by such constraints and will in time be in a position to set its own terms and conditions. It will feel free to be what it thinks it is and

act according to its history and instincts, which are those of a civilization-state.

Second, China is increasingly likely to conceive of its relationship with East Asia in terms of a tributary-state, rather than nation-state, system. The tributary-state system, as we saw in Chapter 9, lasted for thousands of years and only finally came to an end at the conclusion of the nineteenth century. Even then, it was not entirely extinguished but continued - as a matter of habit and custom, the product of an enduring history - in a submerged form beneath the newly dominant Westphalian system. Up to a point, then, it never completely disappeared, even when China was a far less important actor in East Asia than it had been prior to the mid nineteenth century. The fact that the tributary-state system prevailed for so long means that it is deeply ingrained in the way that both China and East Asian states think about their relationship. As a consequence, any fundamental change in the position of China in the region, and the consequent balance of power between China and its neighbouring states, could well see a reversion to a more tributary-state relationship. The tributary system was undermined by the emergence of the European powers, together with Japan, as the dominant presence in the region, and by the remorseless decline of China. The European powers have long since exited the region; their successor power, the United States, is now a declining force; and Japan is rapidly being overshadowed by China. Meanwhile, China is swiftly resuming its position as the fulcrum of the East Asian economy. In other words, the conditions that gave rise to the dominance of the nation-state system in East Asia are crumbling, while at the same time we are witnessing the restoration of the circumstances that underpinned the tributary-state system.

The tributary-state system was characterized by the enormous inequality that existed between China on the one hand and its neighbouring states on the other, together with a mutual belief in the superiority of Chinese culture. John K. Fairbank suggests in *The Chinese World Order* that: ‘If its belief in Chinese superiority persists, it seems likely that the country will seek its future role by looking closely at its own history.’[3] Given that the idea of Chinese superiority remains firmly in place, China’s growing economic strength, together with its enormous population, could return the region to a not dissimilar state of affairs to that which existed in the past. China is in the process of becoming the most important market for virtually every single East Asian country. Nor is the huge imbalance in power necessarily

one that other states in the region will baulk at or resist, with the possible exception of Japan; indeed, all bar Japan and, until very recently, Taiwan have consciously sought to move closer to China during the course of its rise rather than hedge with the United States against it. This is partly based on the habit and experience of history and partly on an accommodation with what these countries view as an inevitable and irresistible process. The rise of China and a return to something more akin to a tributary-state system will not necessarily be distinguished by instability; on the contrary, the tributary-state system was highly stable, rooted as it was in China's dominance and a virtually unchallenged hierarchical pattern of relationships. It would be wrong, however, to see any return to a tributary-style relationship as a simple rerun of the past - with, for example, the presidents and prime ministers of neighbouring states making ritualized trips to Beijing bearing gifts in recognition of the greatness of the Chinese president and the superiority of the latter-day Celestial Kingdom. Rather it is likely to be defined by an acceptance that East Asia is essentially a Chinese-centric order; that it embodies an implicit hierarchy in which China's position of ascendancy is duly acknowledged; and that there is underlying recognition and acceptance of Chinese superiority.

To what extent will any quasi-tributary system be confined to East Asia? Could it find echoes in other parts of the world? There is, of course, no tradition of a tributary-state system elsewhere: it was only present in East Asia. That, however, was when the Middle Kingdom regarded the world as more or less coterminous with East Asia. If China approaches other parts of the world with a not too dissimilar mindset, and its power is sufficiently overwhelming, could the same kind of hierarchical system be repeated elsewhere? Could there even be a global tributary system? The sphere to which it is least likely to extend is the West, at least as represented by the United States and Europe. They enjoy too much power; and it should not be forgotten that it was Europe which forced China, against its wishes, to forsake the tributary system in favour of the Westphalian system in the first place. It is not inconceivable, however, that in the long run Australia and New Zealand might enter into some elements of a tributary relationship with China given their relative proximity to it and their growing dependence on the Chinese economy. A tributary dimension might also emerge in China's relations with Central Asia. It would not be difficult to imagine echoes of the tributary system being found in China's relationship

with Africa, given the enormous imbalance of power between them; perhaps in Latin America also, and South Asia, though not India. In each case, the key features would be China's overweening power, the dependency of countries in a multitude of ways on China, and an implicit acceptance of the virtues, if not the actual superiority, of Chinese civilization. But geographical distance in the case of Africa and Latin America, for example, will be a big barrier, while cultural and ethnic difference in all these instances will prove a major obstacle and a source of considerable resentment.

Third, there is the distinctively Chinese attitude towards race and ethnicity. The Han Chinese conceive of themselves as a single race, even though this is clearly not the case. What sustains this view is the extraordinarily long history of Chinese civilization, which has enabled a lengthy process of melding and fusing of countless different races. The sacrosanct and inviolable nature of Chinese unity is underpinned by the idea that the Han Chinese are all of one race, with even the non-Han Chinese being described in terms of separate nationalities rather than races. There is, furthermore, a powerful body of opinion in China that believes in polygenism and holds that the origins of the Chinese are discrete and unconnected with that of other branches of humankind. In other words, the notion of China and Chinese civilization is bolstered by a widespread belief that the difference between the Chinese and other peoples is not simply cultural or historical but also biological. The non-negotiable nature of the Chinese state's attitude towards race is eloquently illustrated by its approach towards the 'lost territories' and the belief that Hong Kong and Taiwan are inseparable from China because their populations are Chinese: any idea that there might be a distinct Taiwanese identity is summarily dismissed. The Chinese attitude towards race and what constitutes being Chinese, as we noted in Chapter 8, is diametrically opposed to that of other highly populous nations such as India, Indonesia, Brazil and the United States, which explicitly recognize their multiracial and multi-ethnic character and, in varying degrees, celebrate that fact.

It would be wrong to describe the Chinese attitude towards race as an ideological position, because it is simply too old and too deeply rooted in Chinese history for that to be the case. Certainly it went through a profound change in the late nineteenth and early twentieth centuries, but its antecedents lie deep in the long history of Chinese civilization. Nor is the

attitude towards race and identity reducible to the Chinese state or government: rather, it is ingrained in the Chinese psyche. To give one contemporary illustration: support for the return of Taiwan amongst the Chinese people is, if anything, even stronger than it is at a governmental level. Given this, any democratically elected government - admittedly, a most unlikely occurrence in the next twenty years - will almost certainly be more nativist and essentialist in its attitude towards Chinese identity than the present Communist government, which, by virtue of its lack of electoral accountability, enjoys a greater independence from popular prejudices. Nor should we anticipate any significant change in Chinese attitudes on race and ethnicity. It is true that they may have been accentuated by centuries of relative isolation from the rest of the world and China's growing integration may, as a consequence, help to weaken prejudices based on the ignorance of isolation, but the fundamental roots of Chinese attitudes will remain untouched. In fact, rather than being confined to a particular period of history, China's isolation is fundamental to understanding what I have described as the Middle Kingdom mentality. China saw itself as above, beyond, separate from and superior to the rest of the world. 'Isolation', in this sense, was integral to the Chinese world-view, even during the periods, like the Song dynasty or early Ming, when China was not isolationist in policy and outlook. It helps to explain why, for example, China has had such a different attitude from the major European states towards those who settled in other lands. Europeans viewed their settlers and colonizers as an integral part of the national civilizing mission and as still belonging to the homeland; the imperial dynasty, on the other hand, viewed those who departed the Middle Kingdom with relative and continuing indifference, as if leaving China was a step down and outside civilization. This point provides us with a way of understanding the terms on which China's growing integration with the rest of the world in the twenty-first century will take place. China is fast joining the world but, true to its history, it will also remain aloof, ensconced in a hierarchical view of humanity, its sense of superiority resting on a combination of cultural and racial hubris.

Fourth, China operates, and will continue to operate, on a quite different continental-sized canvas to other nation-states. There are four other states that might be described as continental in scale. The United States has a surface area only marginally smaller than that of China, but with a population only a quarter of the size. Australia is a continent in its own

right, with a surface area around 80 per cent of China's, yet its population is a meagre 21 million, less than that of Malaysia or Taiwan, with the vast majority living around its coastal perimeter. Brazil has a surface area of around 90 per cent of China's, but a much smaller population of 185 million. Perhaps the nearest parallel to China is India, with a population of equivalent size, but a surface area only a third of that of China's. Thus, although China shares certain similarities with each of these countries, its particular combination of population size and surface area is unique. Chinese modernity will come continental-sized, in terms of *both* population and physical size. This has fundamental implications not only for the way in which China has worked in the past but also for how it will work in the future. A continental-sized country is an utterly different kind of proposition to a conventional nation-state unless its population is tiny like Australia's, or it started off life as a settler-colony - as in the case of United States and Australia, which were essentially European transplants - with the homogeneity this implies. When a country is as huge as China in both physical scale and population, it is characterized by great diversity and, in certain respects, can be thought of as, in effect, a combination of several, even many, different countries. This is not to detract from the point made throughout this book about the centripetal forces that hold China together, but rather serves to make this unity an even more extraordinary phenomenon. We are dealing with a state that is at one and the same time a country and a continent - in other words, which is both national and multinational - and which therefore must be governed, at one and the same time, according to the imperatives of both a country and a multiplicity of countries.

For these reasons, amongst others, the Chinese state operates in an atypical way in comparison with conventional nation-states. The feedback loops, for example, are different. What might seem a logical consequence of a government action in an ordinary nation-state may not follow at all in China; in a country of such huge scale, furthermore, it is possible to conduct an experiment in one city or province without it being introduced elsewhere, which is what happened with Deng Xiaoping's reforms, even though they could hardly have been more fundamental or far-reaching in their effect. It is possible, in this context, to imagine democratic reforms being introduced in one relatively advanced province or municipality - Zhejiang or Shanghai, for example - but not others. As we saw in Chapter 7,

the civilization-state embraces the concept of ‘one civilization, many systems’, which was introduced to the wider world in 1997 with the handover of Hong Kong to China under the formula ‘one country, two systems’; but the idea of systemic differences within China’s borders, in fact, has a very long history. It is conventional wisdom in the West that China should become ‘democratic’ in the West’s own image. The democratic systems that we associate with the West, however, have never taken root on anything like such a vast scale as China, with the single exception of India: indeed, apart from India, the only vaguely comparable example is that of a multinational institution like the European Union, and this has remained determinedly undemocratic in its constitution and modus operandi. One day China may well move, in its own fashion, towards something that resembles democracy, but Western calls that it should do so more or less forthwith glibly ignore the huge differences that exist between a vast continental-sized civilization-state like China and the far smaller Western nation-states. The fact that China’s true European counterpart, the European Union, is similarly without democracy only serves to reinforce the point.

Fifth, the nature of the Chinese polity is highly specific. Unlike the Western experience, in particular that of Europe, the imperial dynasty was neither obliged, nor required, nor indeed desired to share power with other competing institutions or interest groups, such as the Church or the merchant class. China has not had organized religion in the manner of the West during the last millennium, while its merchants, for their part, instead of seeking to promote their interests by means of a collective voice, have sought favour through individual supplication. The state did not, either in its imperial nor in its Communist form, share power with anyone else: it presided over society, supreme and unchallenged. The Confucian ethos that informed and shaped it for some two millennia did not require the state to be accountable to the people, but instead insisted on its loyalty to the moral precepts of Confucianism. The imperial bureaucracy, admission to which represented the highest possible achievement for anyone outside the dynastic circle, was schooled in Confucian morality and ethics. The efficacy of this system was evident for all to see: for many centuries Chinese statecraft had no peers in terms of efficiency, competence or its ability to undertake enormous public projects. There was just one exception to the absence of any form of popular accountability: in the event of severe

popular unrest and disillusionment it was deemed that the mandate of Heaven had been withdrawn and legitimacy lay on the side of the people rather than the incumbent emperor. Apart from this *in extremis* scenario, the people have never enjoyed sovereignty: even after the fall of the imperial system, the dynastic state was replaced not by Western-style popular sovereignty but by state sovereignty.

Little has changed with Communist rule since 1949. Popular accountability in a recognizable Western form has remained absent. During the Maoist period, the legitimacy of the state was expressed in terms of a new class system in which the workers and peasants were pronounced as the new rulers; during the reform period this has partly been superseded by a de facto results-based compact between the state and the people, in which the state is required to deliver economic growth and rising living standards. As testament to the historical continuity of the Chinese state, the same key elements continue to define the nature of the Chinese polity. There is the continuing absence of any form of popular accountability, with no sign or evidence that this is likely to change - apart from the election of Hong Kong's chief executive, which may be introduced in 2012, and the present election of half its Legislative Council. Notwithstanding the convulsive changes over the last century following the fall of the imperial state, with nationalist government, warlordism, partial colonization, the Maoist state and the present reform period, the state remains venerated, above society, possessed of great prestige, regarded as the embodiment of what China is, and the guarantor of the country's stability and unity. It is the quintessence of China in a way that is not true of any Western society, or arguably any other society in the world. Given its remarkable historical endurance - at least two millennia, arguably much longer - this characteristic must be seen as part of China's genetic structure. The legitimacy of the Chinese state, profound and deeply rooted, does not depend on an electoral mandate; indeed, even if universal suffrage was to be introduced, the taproots of the state's legitimacy would still lie in the country's millennial foundations. The Chinese state remains a highly competent institution, probably superior to any other state-tradition in the world and likely to exercise a powerful influence on the rest of the world in the future. It has shown itself to be capable not only of extraordinary continuity but also remarkable reinvention. The period since 1949 has seen this happen twice, initially in the form of the Maoist state, with the Communist Party providing the

embryo of the new state, and acting to restore China's unity; followed by the renewal and revitalization of the state during the reform era, leading to the economic transformation of the country. In the absence of any formal mechanism of popular accountability, it is reasonable to surmise that something like the mandate of Heaven still operates: should the present experiment go seriously wrong - culminating, for example, in escalating social unrest as a result of widening inequalities, or serious unemployment - then the hand of history might come to rest on the Communist Party's shoulder and its time be called.

Sixth, Chinese modernity, like other East Asian modernities, is distinguished by the speed of the country's transformation. It combines, in a way quite different from the Western experience of modernity, the past and the future at one and the same time in the present. In Chapter 5, I described the Asian tigers as time-compression societies. Habituated to rapid change, they are instinctively more at ease with the new and the future than is the case in the West, especially Europe. They embrace the new in the same way that a child approaches a computer or a Nintendo games console, with confidence and expectancy - in contrast to European societies, which are more wary, even fearful, of the new, in the manner of an adult presented with an unfamiliar technological gadget. The reason is that East Asian societies have not been through all the various sequential development stages - and their accompanying technological phases - that have been typical of Europe and North America, so the collective mind is less filled and formatted by older ways of doing things. China's version of modernity, however, by virtue of the country's size, must also be seen as distinct from those of other East Asian societies. While countries like Taiwan and South Korea took around thirty years to move from being largely rural to becoming overwhelmingly urban, around half of China's population still live in the countryside some three decades after 1978, and it will be at least another twenty years before this figure declines to around 20 per cent. This makes China's passage to modernity not only more protracted than that of its neighbours but also more complex, with various stages of development continuing to coexist over many decades as a result of the persistence of a large rural sector. This is reflected in the often sharp divergence in living standards between different provinces. This juxtaposition of different levels of economic development serves to accentuate the importance and impact of the past, the countryside providing a continuous feedback loop from

history. It makes China, a country already deeply engaged with its own past, even more aware of its history.

Seventh, since 1949 China has been ruled by a Communist regime. Paradoxically, perhaps the two most significant dates of the last half-century embody what are seemingly entirely contradictory events: 1989, marking the collapse of European Communism and the demise of the Soviet bloc; and 1978, signalling not only the beginning of the most remarkable economic transformation in history but also one presided over by a Communist Party. The first represents the end of a momentous era, the second the beginning of what may prove to be an even more remarkable period. Given the opprobrium attaching to Communism in the West, especially after 1989, it is not surprising that this has greatly coloured Western attitudes towards the Chinese Communist Party, especially as the Tiananmen Square suppression occurred in the same year as the fall of the Berlin Wall. Indeed, following the events of 1989, the Western consensus held, quite mistakenly, that the Chinese Communist Party was also doomed to fail. Western attitudes towards China continue to be highly influenced by the fact that it is ruled by a Communist Party; the stain seems likely to persist for a long time to come, if not indefinitely. In the light of recent Chinese experience, however, Communism must be viewed in a more pluralistic manner than was previously the case: the Chinese Communist Party is very different from its Soviet equivalent and, since 1978, has pursued an entirely different strategy. It has displayed a flexibility and pragmatism which was alien to the Soviet Party. Nor is it clear what the fate of the Chinese Party might be: could it metamor phose into something different (which to some extent it already has), to the point of even changing its name? Whatever the longer term may hold, the Chinese Communist Party, in presiding over the transformation of the country, will leave a profound imprint on Chinese modernity and also on the wider world. It has created and re-created the modern Chinese state; it reunited China after a century of disunity; it played the critical role in the defeat of Japanese colonialism; and it invented and managed the strategy that has finally given China the promise, after a century or more of decline, of restoring its status and power in the world to something resembling the days of the Middle Kingdom. In so doing, it has also succeeded in reconnecting China to its history, to Confucianism and its dynastic heyday. Arguably all great historical transformations involve such a reconnection with the past if

they are to be successful. The affinities between the Communist conception of the state and the Confucian, as outlined earlier, are particularly striking in this respect. Given that Confucian principles had reigned for two millennia, the Chinese Communist Party, in order to prevail, needed, amongst other things, to find a way of reinventing and re-creating those principles.

Eighth, China will, for several decades to come, combine the characteristics of both a developed and a developing country. This will be a unique condition for one of the major global powers and stems from the fact that China's modernization will be a protracted process because of the country's size: in conventional terms, China's transformation is that of a continent, with continental-style disparities, rather than that of a country. The result is a modernity tempered by and interacting with relative rural backwardness, and such a state of bifurcation will have numerous economic, political and cultural consequences. Chinese modernity cannot, and will not be able to, ignore the fact that a large segment of the country will continue to live in what is, in effect, a different historical period. We have already mentioned how this will bring China face to face with its own past for decades to come. But it also has implications for how China will see its own interests and its relationship with other countries. Of necessity, it will regard itself as both a developing and a developed country, with the interests of both. This will find expression in many areas, including the debate over China's responsibilities concerning climate change. Over time, of course, the weight of the developing section of the economy, and the number of people that are employed in or dependent upon it, will decline, and China will increasingly behave as a developed country rather than a combination of the two. But for the next half-century it will continue to display the interests and characteristics of both, an outlook which is likely to be reinforced by the sense of grievance that China feels about its 'century of humiliation' at the hands of Japan and the Western powers, especially its experience of colonization. China, in fact, will be the first great power that comes from the 'wrong' side of the great divide in the world during the nineteenth and first half of the twentieth centuries, a creature of the colonized rather than the colonizers, the losers rather than the winners. This experience, and the outlook it has engendered, will be an integral part of the Chinese mentality in the era of modernity, and will strongly influence its behaviour as a global power.

A broader point can be made in this context. If the twentieth-century world was shaped by the developed countries, then that of the twenty-first century is likely to be moulded by the developing countries, especially the largest ones. This has significant historical implications. There have been many suggestions as to what constituted the most important event of the twentieth century: three of the most oft-cited candidates are the 1917 October Revolution, 1989 and the fall of the Berlin Wall, and 1945 and the defeat of fascism. Such choices are always influenced by contemporary circumstances; in the last decade of the last century, 1989 seemed an obvious choice, just as 1917 did in the first half of the century. As we near the end of the first decade of the new century another, rarely mentioned candidate now presents itself in the strongest possible terms. The rise of the developing world was only made possible by the end of colonialism. For the non-industrial world, the colonial era overwhelmingly served to block the possibility of their industrialization. The imperial powers had no interest in creating competition for their own industries. That does not mean that the effects of colonialism were entirely negative, though in some cases, notably that of Africa, they surely were. In East Asia, Japanese colonialism in the case of Korea and Taiwan, and Western colonialism in the instance of Hong Kong and the treaty ports, did at least demonstrate, however negatively, the possibilities offered by industrialization, and thereby helped to plant some of the seeds of their subsequent transformation. The end of colonialism was a precondition for what we are now witnessing, the growth of multiple modernities and a world in which they are likely to prove at some point decisive. With hindsight, the defeat of colonialism between 1945 and the mid sixties, the significance of which has been greatly underestimated in the West for obvious reasons, must rate as one of the great landmarks of the last century, perhaps the greatest.

In the light of these eight characteristics, it is clear that Chinese modernity will be very different from Western modernity, and that China will transform the world far more fundamentally than any other new global power in the last two centuries. This prospect, however, has been consistently downplayed. The Chinese, for their part, have wisely chosen to play a very long game, constantly seeking to reassure the rest of the world that China’s rise will change relatively little. The West, on the other hand, having been in the global driving seat for so long, finds it impossible to imagine or comprehend a world in which this is no longer the case.

Moreover, it is in the nature of vested interests - which is what the West is, the United States especially - not to admit, even to themselves, that the world stands on the edge of a global upheaval the consequence of which will be to greatly reduce their position and influence in the world. China is the elephant in the room that no one is quite willing to recognize. As a result, an extraordinary shift in the balance of global power is taking place *sotto voce*, almost by stealth, except one would be hard-pressed to argue that any kind of deceit was involved either on the part of China or the United States. The contrast with previous comparable changes, for example the rise of Germany prior to 1914, the emergence of Japan in the interwar period, and the challenge of the Soviet Union, especially after 1945, is stark. Even though none carried anything like the ultimate significance of China's rise, the threat that each offered at the time was exaggerated and magnified rather than downplayed, as in the case of China. The nearest parallel to China's rise, in terms of material significance, was that of the United States, and this was marked by similar understatement, though this was mainly because it was the fortunate beneficiary of two world wars, which had the effect of greatly accelerating its rise in relation to an impoverished and indebted Western Europe. Even the rise of the US, however, must be regarded as a relatively mild phenomenon compared to that of China.

So far, China has appeared an outsider patiently and loyally seeking to become an insider. As a rising power, it has been obliged to converge with and adapt to the existing international norms, and in particular to defer to and mollify the present superpower, the United States, since the latter's cooperation and tacit support have been preconditions for China's wider acceptance. China has struggled long and hard since 1978 to become an accepted member of the international community with the privileges and advantages that this confers. In devoting its energies to economic growth, it came to the conclusion that it could not afford its attention and resources to be diverted towards what, at its present stage of development, it rightly deemed to be non-essential ends. In exercising such restraint and self-discipline, the Deng and post-Deng leaderships have demonstrated remarkable perspicacity, never losing sight of the long-term objective, never allowing themselves to be distracted by short-term considerations. China's passage to modernity has set in motion similarly powerful convergent forces as the country has sought to learn from more advanced countries,

compete successfully in global markets, attract foreign capital, assimilate the disciplines of stock exchanges and capital markets, and acquire the latest technology. In other words, the economic and technological demands of globalization, like the political imperatives described above, have constantly obliged China to imitate and converge in order to meet established international standards and adapt to existing norms. The fact that an increasing number of issues, most notably climate change, require global solutions with participation from all nations, especially the very largest, is acting as a further force for convergence.

Convergence, however, is only one side of the picture. Increasingly the rise of China will be characterized by the opposite: powerful countervailing pressures that push towards divergence from the established norms. In a multitude of ways, China does not conform to the present conventions of the developed world and the global polity. As a civilization-state masquerad ing in the clothes of a nation-state, its underlying nature and identity will increasingly assert itself. The present Westphalian system of international relations in East Asia is likely to be steadily superseded by something that resembles a modern incarnation of the tributary system. A nation that comprises one-fifth of the world's population is already in the process of transforming the workings of the global economy and its structure of power. A country that regards itself, for both cultural and racial reasons, as the greatest civilization on earth will, as a great global power, clearly in time require and expect a major reordering of global relationships. A people that suffered at the expense of European and Japanese imperialism will never see the world in the same way as those peoples that were its exponents and beneficiaries. A state that has never shared power with any other class, group or institution, which has never been subject to popular sovereignty, which operates on a continental scale and which, to this day, is suffused with a Confucian outlook, albeit in a distinctive and modernized Communist form, stands in sharp contrast to the credo that informs Western societies and which has hitherto dominated the global community. While the West has been shaped by the Declaration of American Independence in 1776, the French Revolution in 1789, the British Industrial Revolution, the two world wars, the Russian Revolution in 1917 and the collapse of Communism in 1989, for China the great historical monuments are mostly very different: 221 BC and the beginnings of modern China; dynasties such as the Tang, Song, Ming and Qing; the Opium Wars; the 1911 Revolution;

Japanese colonization between 1931 and 1945; the 1949 Revolution; and the 1978 reforms. The different historical furniture betrays a different history. China, then, if convergent is also manifestly divergent. While the rise of China since 1978 has been characterized by the predominance of convergent tendencies, well exemplified by China's current desire to reassure the world that it is a 'responsible power', the divergent tendencies will in due course come to predominate as China grows more wealthy, self-confident and powerful. But all this lies well in the future; for the next twenty years or so, as China continues its modernization, it will remain an essentially status-quo power.

There are two powerful forces that will serve to promote the steady reconfiguration of the world on China's terms. The fact that China is so huge means that it exercises a gravitational pull on every other nation. The nearest parallel is the United States, but the latter is on a much smaller scale. Size will enable China to set the terms of its relationships with other countries: hitherto that has been limited by China's level of development, but its gravitational power will grow exponentially in the future. China's mass will oblige the rest of the world largely to acquiesce in China's way of doing things. Moreover China's size, combined with its remorseless transformation, means that time is constantly on its side. It can afford to wait in the knowledge that the passage of time is steadily reconfiguring the world in its favour. Take its relationship with Japan: on the assumption that China's rapid growth continues, Japan will ultimately be obliged to accept China's leadership of East Asia. The same can be said, albeit less starkly, of China's relationship with the United States and Europe. With the rise of China, indeed, time itself takes on a new and different meaning: timescales are, in effect, elongated. We have become used to thinking in terms of the converse: the ever-shortening sense of time. The template for this is provided by the United States, a country with a brief history, a short memory, and a constant predilection for remaking itself. China is the opposite. It is possessed of a 5,000-year history and an extremely long memory, and unsurprisingly conceives of the future in terms of protracted timescales. As a result, it is blessed with the virtue of patience, confident in the belief that history is on its side. If that has been the Chinese mentality since time immemorial, in the twenty-first century it will come to fruition.

So how will China act as a great power, once it is no longer confined to the straitjacket of modernization? It would be wrong to assume that it will

behave like the West; that cannot be discounted, but history suggests something different. While Europe, and subsequently the United States, have been aggressive and expansionist, their tentacles reaching all over the world, China's expansion has been limited to its continent and although, in the era of globalization, that will change, there is little reason to presume that it will be a West Mark 2. Many in the West are concerned about the absence of Western-style democracy in China, but over the last thirty years the country has become significantly more transparent and its leadership more accountable. This process is likely to continue and at some point result in a much bigger political transformation, though any democratic evolution is likely to take a markedly different form from that of the West. For the foreseeable future, however, given the success of the period since 1978, there is unlikely to be any great change. The greatest concern about China as a global power lies elsewhere, namely its deeply rooted superiority complex. How that will structure and influence Chinese behaviour and its attitudes towards the rest of the world remains to be seen, but it is clear that something so entrenched will not dissolve or disappear. If the calling card of the West has often been aggression and conquest, China's will be its overweening sense of superiority and the hierarchical mentality this has engendered.

The arrival of China as a major power marks the end of Western universalism. Western norms, values and institutions will increasingly find themselves competing with those of China. The decline of Western universalism, however, is not solely a product of China's rise, because the latter is part of a much wider phenomenon, an increasingly multipolar economic world and the proliferation of diverse modernities. Nor will the decline of the Western world be replaced in any simplistic fashion by a Sinocentric world. The rise of competing modernities heralds a quite new world in which no hemisphere or country will have the same kind of prestige, legitimacy or overwhelming force that the West has enjoyed over the last two centuries. Instead, different countries and cultures will compete for legitimacy and influence. The Western world is over; the new world, at least for the next century, will not be Chinese in the way that the previous one was Western. We are entering an era of competing modernity, albeit one in which China will increasingly be in the ascendant and eventually dominant.

But all this lies some way off. For the time being, the world is preoccupied by the onset of the biggest recession since the Great Depression. At the time of writing, the consequences of this remain unknown. Depressions are a bit like wars: they test societies in a way that normal periods of prosperity and growth do not. They reveal weaknesses and vulnerabilities that otherwise remain concealed. They give rise to new political ideologies and movements, as the world learnt to its great cost in the interwar years. On the face of it, China is much better equipped to deal with this crisis than the West. Its financial sector is in a much superior condition to that of the West, having avoided the hubristic risk-taking that hobbled the Western banks; nor is China confronted with the kind of de-leveraging which threatens deflation and a major shrinkage of demand in the West and Japan. While the developed world faces the prospect of shrinking economies for perhaps two or more years, China is still looking forward to considerate growth, albeit of uncertain magnitude. The unknown for China is the effect that a growth rate which falls below 8 per cent, perhaps to 6 per cent or much lower even, would have in terms of unemployment and social unrest. This will prove to be by far the biggest test Chinese society has faced since 1989. The world is entering a new political era. Despite regular Western warnings that the Chinese model was unsustainable and needed to be Westernized, the financial crisis in 2008 marked the demise of neo-liberalism and the failure of the Western free-market model as practised since the late seventies: the Chinese rather than the Western approach has been affirmed.[4] At the same time, the departure of George Bush and his replacement by Barack Obama has kindled enormous global interest, not least in the developing world, which should serve to increase the standing of the United States in the eyes of many. But it is the effect of the global recession that is likely to have the most serious impact. If China continues to grow at 6-8 per cent and can avoid debilitating social unrest, while the Western economy enters a period of negative or near zero economic growth, then the global recession is likely to significantly accelerate the trends discussed in this book and result in an even more rapid shift of power to China.

It has become evident that China is prepared to take a more proactive and interventionist role in international financial affairs. Given that the global financial crisis is presently at the top of every agenda and that reform of the existing global financial order is now irresistible, this has far-reaching

implications: China will be a central player in whatever new architecture emerges from the present crisis. This represents an extraordinary change even compared with two years ago, let alone five years ago, when China was not even included in discussions on such matters. But it also has a much wider significance. The rise of China and the decline of the United States will, at least during this period, be enacted overwhelmingly on the financial and economic stage. And China is demonstrating that it intends to be a full-hearted participant in this process. It is not difficult to predict some of the likely consequences: the G20 will effectively replace the G8 and the IMF and the World Bank will be subject to reform, with the developing countries acquiring a greater say.

The most audacious proposal that has so far emanated from Beijing is the suggestion for a new de facto global currency based on using IMF's special drawing rights, which might in time replace the dollar as the world's reserve currency. Whether such a proposal would ever see the light of day, or indeed work, given that reserve currencies hitherto have always depended on a powerful sovereign state, it offers an insight into the strategic financial thinking that informs the Chinese government's approach. It suggests that the Chinese recognize that the days of the dollar as the dominant global currency are now numbered. At the same time, the Chinese government is actively seeking ways to progressively internationalize the role of the renminbi. It recently concluded a number of currency swaps with major trading partners including South Korea, Argentina and Indonesia, thereby widening the use of the renminbi outside its own borders. It is also in the process of taking steps to increase the renminbi's role in Hong Kong, which is significant because of the latter's international position, and has announced its intention of making Shanghai a global financial centre by 2020. There are, thus, already strong indications that China's rise will be hastened by the global crisis.

Appendix - The Overseas Chinese

For a number of reasons it is difficult to estimate the number of overseas Chinese. In some instances, migration remains highly active, for example to Africa and Australia. There are also problems of definition as to precisely who the category should include, those of mixed race being an obvious example. The statistics also vary greatly in their reliability and accuracy for various reasons, including illegal immigration, the quality of censuses and definitional issues. Notwithstanding these difficulties, the table below gives a rough idea of the total size of the Chinese diaspora and the main countries where it resides.

Chinese migration has a long history, dating back to the Ming dynasty in the case of South-East Asia. The global Chinese diaspora began in the nineteenth century, when there was a surplus of labour in the southern coastal provinces of China and Chinese workers were recruited for the European colonies, often as indentured labour. The biggest migratory movements were to South-East Asia, but the Chinese also went in large numbers during the second half of the nineteenth century to the United States, notably in search of gold and to build the railroads, and also to Australia and many other parts of the world including Europe and South Africa. Over the period 1844-88 alone over 2 million Chinese found their way to such diverse locations as the Malay Peninsula, Indochina, Sumatra, Java, the Philippines, Hawaii, the Caribbean, Mexico, Peru, California and Australia. In the second half of the twentieth century there has been a big expansion in Chinese migration to North America, Australia and, very much more recently, Africa, as well as elsewhere.

There is a voluminous literature on the subject, including: Lynn Pan, ed., *The Encyclopedia of the Chinese Overseas* (Cambridge, Mass.: Harvard University Press, 1999); Lynn Pan, *Sons of the Yellow Emperor: The Story of the Overseas Chinese* (London: Arrow, 1998); Robin Cohen, *Global Diasporas: An Introduction* (London: UCL Press, 1997); Susan Gall and Ireane Natividad, eds, *The Asian American Almanac: A Reference Work on Asians in the United States* (Detroit: Gale Research, 1995); Wang Gungwu, *China and the Chinese Overseas* (Singapore: Times Academic Press, 1991);

Wang Lingchi and Wang Gungwu, eds, *The Chinese Diaspora: Selected Essays*, 2 vols (Singapore: Times Academic Press, 1998); Wang Gungwu, *The Chinese Overseas: From Earthbound China to the Quest for Autonomy* (London and Cambridge, Mass.: Harvard University Press, 2000).

Country	Chinese population
Indonesia	7,566,000
Thailand	7,153,000
Malaysia	7,070,000
Singapore (where Chinese are in the majority)	3,496,000
United States	3,376,000
Myanmar	1,662,000
Canada	1,612,000
Peru	1,300,000
Vietnam	1,264,000
Philippines	1,146,000
Russia	998,000
Australia	670,000
Japan	607,000
United Kingdom	347,000
Cambodia	344,000
South Africa	250,000
France	231,000
India	189,000
Laos	186,000
Brazil	152,000
New Zealand	148,000
Italy	145,000
Netherlands	145,000
Nigeria	100,000
Africa (including South Africa and Nigeria)	400,000–600,000

Guide to Further Reading

It is difficult, a little invidious even, to select a relative handful of books from the vast range of sources - including books, academic and newspaper articles, lectures, talks, seminars, personal conversations, conference proceedings and countless interviews - that I have used in writing this book. Nonetheless, having spent years burrowing away, I feel it is my responsibility to offer a rather more selective list of books for the reader who might want to explore aspects of the subject matter a little further. I cannot provide any titles that offer the same kind of sweep as this book but no doubt in due course, as China's rise continues, there will be several and eventually a multitude.

I have mainly used three general histories of China, though others have been published more recently. The best is John King Fairbank and Merle Goldman, *China: A New History* (Cambridge, Mass.: Belknap Press of Harvard University Press, 2006), but I also found Jonathan D. Spence, *The Search for Modern China*, 2nd edn (New York: W. W. Norton, 1999), and Jacques Gernet, *A History of Chinese Civilization*, 2nd edn (Cambridge: Cambridge University Press, 1996), very useful. Julia Lovell, *The Great Wall: China against the World 1000 BC-AD 2000* (London: Atlantic Books, 2006), is a highly readable account of the Wall as a metaphor for the long process of China's expansion, while Peter C. Perdue, *China Marches West: The Qing Conquest of Central Eurasia* (Cambridge, Mass.: Belknap Press of Harvard University Press, 2005), is a formidable account of the huge expansion of Chinese territory that took place under the Qing dynasty. Edward L. Dreyer, *Zheng He: China and the Oceans in the Early Ming Dynasty, 1405-1433* (New York: Pearson Longman, 2007), examines one of the most remarkable achievements in Chinese history. Although Jared Diamond, *Guns, Germs and Steel: A Short History of Everybody for the Last 13,000 Years* (London: Vintage, 1998), only has a little about China, in a few short pages he demonstrates just how untypical Chinese civilization is in the broader global story.

There are many books that deal with Europe's rise and the failure of China to industrialize from the end of the eighteenth century. Kenneth

Pomeranz, *The Great Divergence: China, Europe, and the Making of the Modern World Economy* (Princeton and Oxford: Princeton University Press, 2000), and R. Bin Wong, *China Transformed: Historical Change and the Limits of European Experience* (Ithaca and London: Cornell University Press, 2000), have been amongst the most prominent recently in arguing that Europe's rise was largely a consequence of contingent factors; Pomeranz's book has become a key book in this context. Mark Elvin, *The Pattern of the Chinese Past* (London: Eyre Methuen, 1973), still remains essential reading for those seeking an explanation of why China lost out on industralization. I also found C. A. Bayly, *The Birth of the Modern World 1780-1914: Global Connections and Comparisons* (Oxford: Blackwell, 2004), by taking a global frame of reference, useful in arriving at a broader picture.

Göran Therborn, *European Modernity and Beyond: The Trajectory of European Societies, 1945-2000* (London: Sage, 1995), offers a powerful argument on the exceptionalism of European modernity. Deepak Lal, *Unintended Consequences* (Cambridge, Mass.: MIT Press, 1998), raises interesting questions concerning long-running cultural differences between diverse peoples and civilizations and what lies behind them. There is one outstanding book on the nature of Japanese culture, and that is Ruth Benedict's *The Chrysanthemum and the Sword: Patterns of Japanese Culture* (London: Secker and Warburg, 1947), which, though written over sixty years ago, remains a classic on how to analyse cultural difference. Kosaku Yoshino, *Cultural Nationalism in Contemporary Japan* (London: Routledge, 1992), offers interesting insights into Japanese identity, while Michio Morishima, *Why Has Japan 'Succeeded': Western Technology and the Japanese Ethos* (Cambridge: Cambridge University Press, 1984), is an excellent general history.

On the nature and extent of East Asia's Westernization discussed in Chapter 5, I would mention K. C. Chang, *Food in Chinese Culture: Anthropological and Historical Perspectives* (New Haven: Yale University Press, 1977), and especially Nicholas Ostler, *Empires of the Word* (London: HarperCollins, 2005), which tells the story of world history through languages and makes some illuminating points about Mandarin in this context. Lucian W. Pye, *Asian Power and Politics: The Cultural Dimensions of Authority* (Cambridge, Mass.: Harvard University Press, 1985), provides a perceptive account of the distinctive characteristics of

East Asian politics, though it is much stronger on North-East than South-East Asia.

Moving into Part II, many books have been published on China's rise but the great majority tend to deal with its economic aspects, with surprisingly few taking a more general approach. One of the most useful of these is James Kynge, *China Shakes the World: The Rise of A Hungry Nation* (London: Weidenfeld and Nicolson, 2006), which is highly readable and has a distinctive take. I would also mention David M. Lampton, *The Three Faces of Chinese Power: Might, Money, and Minds* (Berkeley: University of California Press, 2008). Paul A. Cohen, *Discovering History in China: American Historical Writing on the Recent Chinese Past* (New York: Columbia University Press, 1984), raises interesting questions about the nature of American writing and interpretation of contemporary China. Although arguably a little dated, Lucian W. Pye, *The Spirit of Chinese Politics* (Cambridge, Mass.: Harvard University Press, 1992), displays a remarkable ability to grasp some of the underlying characteristics of Chinese politics, in a very accessible manner which has few if any peers. On the civilization-state and related matters, I would highly recommend William A. Callahan, *Contingent States: Greater China and Transnational Relations* (Minneapolis: University of Minnesota Press, 2004). Callahan is one of the few Western writers who does not view China through a mainly Western prism, but seeks to understand it on its own terms.

The speed of Chinese economic growth means that books inevitably tend to become a little dated rather quickly. Barry Naughton, *The Chinese Economy: Transitions and Growth* (Cambridge Mass.: MIT Press, 2007), is a comprehensive review of Chinese economic development after 1949 and subsequently during the reform period, while Peter Nolan, *Transforming China: Globalisation, Transition and Development* (London: Anthem Press, 2005), offers an interesting assessment of the global prospects for Chinese companies. Elizabeth C. Economy, *The River Runs Black: The Environmental Challenge to China's Future* (Ithaca: Cornell University Press, 2004), discusses China's environmental challenge, which can explored in more topical fashion on www.chinadia- logue.net, a website devoted to China's environment.

Zheng Yongnian, *Will China Become Democratic?: Elite, Class and Regime Transition* (Singapore: EAI, 2004), is a very useful assessment of political trends in contemporary China, while Suisheng Zhao, *A Nation-*

State by Construction: Dynamics of Modern Chinese Nationalism (Stanford: Stanford University Press, 2004), provides an excellent analysis of the development of the Chinese nation-state. Christopher R. Hughes, *Chinese Nationalism in the Global Era* (London: Routledge, 2006), is one of a number of recent books exploring Chinese nationalism.

As explained in Chapter 8, all too little has been written about race and ethnicity in China, though there is more on the Chinese sense of cultural superiority. In the parched territory of the former, Frank Dikötter, *The Discourse of Race in Modern China* (London: Hurst and Company, 1992), remains, alas, something of an oasis. I would like to be able to mention books by Chinese writers but there is really only one, the important essay by Chen Kuan-Hsing in his forthcoming book *Towards De-Imperialization* (Durham, N. C.: Duke University Press). For the time being, a version of this, revised in 2009, can be found at www.interasia.org/khchen/online/Epilogue.pdf. Wang Gungwu, *The Chineseness of China: Selected Essays* (Oxford: Oxford University Press, 1991), is, as the title suggests, a perceptive and informative study of China's distinctiveness.

As for China's relationship with East Asia, there remains no better book on the tributary-state system than John King Fairbank, ed., *The Chinese World Order: Traditional China's Foreign Relations* (Cambridge, Mass.: Harvard University Press, 1968). The best survey of China's present relations with its neighbours is David Shambaugh, ed., *Power Shift: China and Asia's New Dynamics* (Berkeley: University of California Press, 2005).

On China's relationship with the wider world, John W. Garver's two books - *China and Iran: Ancient Partners in a Post-Imperial World* (Seattle: University of Washington Press, 2006) and *Protracted Contest: Sino-Indian Rivalry in the Twentieth Century* (Seattle: University of Washington Press: 2001), are models of their kind. There are many books on the Sino-American relationship, with David M. Lampton, *Same Bed, Different Dreams: Managing US- China Relations, 1989-2000* (Berkeley: University of California Press, 2001), being the most comprehensive.

On a contemporary note, Mark Leonard, *What Does China Think?* (London: Fourth Estate, 2008), provides an interesting guide to present thinking across a range of subjects amongst Chinese intellectuals and policy-makers.

Finally, for those of a statistical persuasion, there are two books by that doyen of historical statistics, Angus Maddison, namely *Chinese Economic*

Performance in the Long Run, Second Edition, Revised and Updated: 960-2030 AD (Paris: OECD, 2007) and *The World Economy* (Paris: OECD, 2007). The latter combines two volumes originally published separately: 1: *A Millennial Perspective* and 2: *Historical Statistics*.

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20 . Perdue, *China Marches West*, p. 538.

21 . 'The capabilities of the Qing to manage the economy were powerful enough that we might even call it a "developmental agrarian state"': ibid., p. 541.

22 . Ibid., p. 540.

23 . Bin Wong, *China Transformed*, p. 138.

24 . Ibid., p. 149.

25 . Ibid., pp. 147-9.

26 . Elvin, 'The Historian as Haruspex', pp. 98-9; Fairbank and Goldman, *China*, pp. 180-81; William H. McNeill, *The Rise of the West: A History of the Human Community* (Chicago and London: University of Chicago Press, 1991), pp. 525-9.

27 . Maddison, *The World Economy: Historical Statistics*, p. 249.

28 . 'The source of Chinese weakness, complacency, and rigidity, like the Industrial Revolution itself, was late and recent, not deeply rooted in China's traditional culture.' Perdue, *China Marches West*, p. 551; also p. 541.

29 . Arrighi, *Adam Smith in Beijing*, p. 27.

30 . Paul A. Cohen, *Discovering History in China: American Historical Writing on the Recent Chinese Past* (New York: Columbia University Press,

1984), p. 79.

31 . Perdue, *China Marches West*, p. 538.

32 . Bin Wong, *China Transformed*, p. 47.

33 . Charlotte Higgins, *It's All Greek to Me* (London: Short Books, 2008), pp.77-8.

34 . Ibid., p. 21. Also Deepak Lal, *Unintended Consequences* (Cambridge, Mass.: MIT Press, 1998), p. 73.

35 . Lal, *Unintended Consequences*, p. 76; Bayly, *The Birth of the Modern World*, p. 82.

36 . Landes, *The Wealth and Poverty of Nations*, p. 201; Elvin, 'The Historian as Haruspex', pp. 85, 97, 102.

37 . Bayly, *The Birth of the Modern World*, pp. 291-3.

38 . Andre Gunder Frank, *ReOrient: Global Economy in the Asian Age* (Berkeley: University of California Press, 1998), p. 343.

39 . Bayly, *The Birth of the Modern World*, p. 469.

40 . Ibid., p. 12; Lal, *Unintended Consequences*, p. 177.

41 . Norman Davies, *Europe: A History* (Oxford: Oxford University Press, 1996), pp. 1259, 1266-7, 1282-4.

42 . Christopher Bayly and Tim Harper, *Forgotten Armies: The Fall of British Asia, 1941-1945* (London: Allen Lane, 2004), p. 33.

43 . Göran Therborn, *European Modernity and Beyond: The Trajectory of European Societe: 1945-2000* (London: Sage, 1995), pp. 24, 68-70.

44 . Ibid., p. 68.

45 . Maddison, *The World Economy: Historical Statistics*, p. 260.

46 . Therborn, *European Modernity and Beyond*, pp. 21-4.

47 . Not fundamentalism, however, which unusually originated in the United States.

48 . Ibid., pp. 21-4, 68, 356.

49 . Alan Macfarlane, *The Origins of English Individualism* (Oxford: Blackwell, 1979), p. 196, quoted by Lal, *Unintended Consequences*, p. 75.

50 . Göran Therborn, *Between Sex and Power: Family in the World, 1900-2000* (London: Routledge, 2004), pp. 119-23; also pp. 108-12.

51 . The old white settler colonies enjoyed a very different relationship with Britain to that of the non-white colonies, and this was reflected in their far greater economic prosperity; Angus Maddison, *The World Economy: A Millennial Perspective* (Paris: OECD, 2006), pp. 184-5.

52 . Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon and Schuster, 1996), pp. 48-53; Eric Hobsbawm, *The Age of Empire 1875-1914* (London: Weidenfeld and Nicolson, 1987), Chapter 3.

53 . Hobsbawm, *The Age of Empire*, pp. 57-9, 70-73.

54 . Bayly, *The Birth of the Modern World*, pp. 127-8.

55 . Niall Ferguson, 'Empire Falls', October 2006, posted on www.vanityfair.com, pp. 1-2.

56 . Hobsbawm, *The Age of Empire*, p. 65.

57 . Bayly, *The Birth of the Modern World*, p. 397.

58 . Hobsbawm, *The Age of Empire*, pp. 68-9.

59 . Maddison, *The World Economy: Historical Statistics*, p. 262; Maddison, *The World Economy: A Millennial Perspective* (Paris: OECD, 2006), p. 114.

60 . Jonathan D. Spence, *The Search for Modern China*, 2nd edn (New York: W. W. Norton, 1999), pp. 229-34.

61 . Elvin, 'The Historian as Haruspex', p. 104.

62 . For a more positive view of the impact of colonialism, see Niall Ferguson, *Empire: How Britain Made the Modern World* (London: Penguin, 2004), pp. 365-81, especially pp. 368-71.

63 . Therborn, *European Modernity and Beyond*, p. 40.

64 . Landes, *The Wealth and Poverty of Nations*, p. 431.

65 . Bayly, *The Birth of the Modern World*, pp. 182, 397-8, 409.

66 . Quoted in Arrighi, *Adam Smith in Beijing*, p. 3.

67 . Therborn, *European Modernity and Beyond*, pp. 5-6. Apart from the European and American passages through modernity, there are two other types. The third is that represented by East Asia, where local ruling elites, threatened by Western colonization, sought to modernize their countries in order to forestall this threat: the classic example of this is Japan. (The East Asian model will be the subject of the next chapter.) The fourth type concerns those countries that were successfully colonized and which were obliged to modernize after finally achieving national independence. History suggests that this last category has faced by far the biggest problems.

68 . Samuel P. Huntington, *Who Are We? America's Great Debate* (London: The Free Press, 2005), pp. 44- 5.

69 . Ibid., p. 40.

70 . Ibid., pp. 53-4.

71 . Landes, *The Wealth and Poverty of Nations*, p. 301.

72 . Maddison, *The World Economy: Historical Statistics*, p. 261.

73 . Robert Kagan, *Dangerous Nation: America and the World 1600-1898* (London: Atlantic Books, 2006), Chapter 11; Niall Ferguson, *Colossus: The Rise and Fall of the American Empire* (London: Allen Lane, 2004), Chapter 1; Hobsbawm, *The Age of Empire*, p. 58; Eric Hobsbawm, 'America's Neo-Conservative World Supremacists Will Fail', *Guardian*, 25 June 2005.

74 . G. John Ikenberry, *Liberal Order and Imperial Ambition: Essays on American Power and World Politics* (Cambridge: Polity, 2006), pp. 6-8.

75 . Alastair Bonnett, *The Idea of the West: Culture, Politics and History* (London: Palgrave, 2004), Chapter 1; Huntington, *The Clash of Civilizations*, pp. 69- 72; John Gray, *False Dawn: The Delusions of Global Capitalism* (London: Granta Books, 1998), p. 125.

76 . Bonnett, *The Idea of the West*, p. 25.

77 . J. M. Roberts, *The Triumph of the West* (London: Phoenix Press, 2001), p. 291. See McNeill, *The Rise of the West*, pp. 806-7, however, for a more cautious view.

3 JAPAN - MODERN BUT HARDLY WESTERN

1 . Interview with Chie Nakane, Tokyo, June 1999.

2 . Michio Morishima, *Why Has Japan 'Succeeded': Western Technology and the Japanese Ethos* (Cambridge: Cambridge University Press, 1984), p. 20.

3 . The first constitution, adopted in AD 604, for example, was an overwhelmingly Confucian document; ibid., p. 26.

4 . Ibid., pp. 10, 34.

5 . Ibid., pp. 35-6, 7.

6 . Ibid., pp. 9, 32, 34.

7 . Ruth Benedict, *The Chrysanthemum and the Sword: Patterns of Japanese Culture* (London: Secker and Warburg, 1947), pp. 68-9.

8 . David S. Landes, *The Wealth and Poverty of Nations* (London: Little, Brown, 1998), Chapter 22.

9 . Benedict, *The Chrysanthemum and the Sword*, p. 61; Karel van Wolferen, *The Enigma of Japanese Power: People and Politics in a Stateless Nation* (New York: Vintage, 1990), p. 74.

10 . Morishima, *Why Has Japan 'Succeeded'*, pp. 14-15, 45; Benedict, *The Chrysanthemum and the Sword*, pp. 61-4.

11 . Morishima, *Why Has Japan 'Succeeded'*, pp. 53-4; Benedict, *The Chrysanthemum and the Sword*, p. 61; Landes, *The Wealth and Poverty of Nations*, pp. 355-6.

12 . Endymion Wilkinson, *Japan Versus the West: Image and Reality* (London: Penguin, 1990), p. 54; G. C. Allen, *A Short Economic History of Modern Japan* (London: George Allen and Unwin, 1962), pp. 20-21.

13 . Morishima, *Why Has Japan 'Succeeded'*, pp. 68-9.

14 . Ibid., pp. 41-2, 74-5, 89-93.

15 . Ibid., pp. 70-71, 75, 90; Benedict, *The Chrysanthemum and the Sword*, p. 77. For a fuller discussion of this period see, for example, Landes, *The Wealth and Poverty of Nations*, Chapter 23.

16 . Robert Kagan, *Dangerous Nation: America and the World 1600-1898* (London: Atlantic Books, 2006), p. 328.

17 . Wilkinson, *Japan Versus the West*, pp. 57, 61.

18 . Benedict, *The Chrysanthemum and the Sword*, pp. 72-3.

19 . Morishima, *Why Has Japan 'Succeeded'*, p. 85.

20 . Ibid., pp. 74, 78, 89; Benedict, *The Chrysanthemum and the Sword*, pp. 73-4.

21 . 'Modernization was created by a state without a class struggle': interview with Peter Tasker, Tokyo, June 1999.

22 . Kosaku Yoshino, *Cultural Nationalism in Contemporary Japan* (London: Routledge, 1992), p. 123. Also, Chie Nakane, *Japanese Society* (London: Weidenfeld and Nicolson, 1970).

23 . Yoshino, *Cultural Nationalism in Contemporary Japan*, p. 128.

24 . Interview with Peter Tasker, Tokyo, June 1999; interview with Tatsuro Hanada, Tokyo, June 1999.

25 . Yoshino, *Cultural Nationalism in Contemporary Japan*, p. 2; Wilkinson, *Japan versus the West*, pp. 44-5.

26 . Yoshino, *Cultural Nationalism in Contemporary Japan*, pp. 12-20; interviews with Kosaku Yoshino, Tokyo, June 1999 and June 2005.

27 . Benedict, *The Chrysanthemum and the Sword*, p. 10.

28 . Ibid., pp. 47-8, 55.

29 . Van Wolferen, *The Enigma of Japanese Power*, p. 160.

30 . Benedict, *The Chrysanthemum and the Sword*, pp. 98-9.

31 . Deepak Lal, *Unintended Consequences* (Cambridge, Mass.: MIT Press, 1998), pp. 12-13, 91-3, 148; Benedict, *The Chrysanthemum and the Sword*, pp. 103, 113-15, 122, 166, 171, 222-4.

32 . *Suicide Rates* (World Health Organization, 2007). The rates for women are 12.8 for Japan, 4.2 for the US, 3.3 for the UK and 6.6 for Germany.

33 . Morishima, *Why Has Japan 'Succeeded'*, pp. 86, 107-17; van Wolferen, *The Enigma of Japanese Power*, Chapter 6.

34 . Lucian W. Pye, *Asian Power and Politics: The Cultural Dimension of Authority* (Cambridge, Mass.: Harvard University Press, 1985), p. 179; van Wolferen, *The Enigma of Japanese Power*, pp. 213, 221.

35 . See Alan Macfarlane, *Japan Through the Looking Glass* (London: Profile Books, 2007), for an interesting discussion of Japan's distinctive modernity.

36 . Lal, *Unintended Consequences*, p. 150.

37 . Benedict, *The Chrysanthemum and the Sword*, p. 70; Yoshino, *Cultural Nationalism in Contemporary Japan*, pp. 68-95.

38 . Yoshino, *Cultural Nationalism in Contemporary Japan*, p. 199.

39 . Van Wolferen, *The Enigma of Japanese Power*, Chapter 5; Chalmers Johnson, *Japan: Who Governs? The Rise of the Developmental State* (New York: W. W. Norton, 1995), Chapter 6, especially pp. 124-40; Lal, *Unintended Consequences* , p. 146; interview with Tadashi Yamamoto, Tokyo, June 1999.

40 . Van Wolferen, *The Enigma of Japanese Power*, Chapter 2. The conception of leadership is also very different from the Western model, less about strong leaders and much more concerned with consensus-building; Pye, *Asian Power and Politics*, p. 171.

41 . Van Wolferen, *The Enigma of Japanese Power*, p. 29.

42 . Interview with Yoshiji Fujita, Research Director, Glaxo Japan, June 1999.

43 . Wilkinson, *Japan Versus the West*, pp. 4, 5, 45, 135.

44 . By 1980, Japan had more or less drawn level with the European Community and the United States in terms of GDP per head, and during the 1980s pulled well ahead by this measure; ibid., p. 5.

45 . Interview with Yoshiji Fujita, Research Director, Glaxo Japan, June 1999. As Takamitsu Sawa has written: 'Drunk with joy for having realised a major goal, the Japanese were at a loss to define the next goal. Suffering from a sense of despair they wasted the next decade.' 'Japan's Paradox of Wealth', *Japan Times*, 30 May 2005.

46 . Interview with Peter Tasker, Tokyo, June 1999.

47 . Interview with Shunya Yoshimi, Tokyo, 1999.

48 . Interview with Valerie Koehn, Tokyo, June 1999; interview with Shunya Yoshimi, Tokyo, June 1999; Sawa, *Japan Times*, 30 May 2005.

49 . Yoshino, *Cultural Nationalism in Contemporary Japan*, p. 11.

50 . Quoted in Alastair Bonnett, *The Idea of the West: Culture, Politics and History* (London: Palgrave Macmillan, 2004), p. 69.

51 . Morishima, *Why Has Japan 'Succeeded'*, p. 96.

52 . Van Wolferen, *The Enigma of Japanese Power*, p. 258.

53 . Morishima, *Why Has Japan 'Succeeded'*, p. 131.

54 . Christopher Bayly and Tim Harper, *Forgotten Armies: The Fall of British Asia, 1941- 1945* (London: Allen Lane, 2004), p. 3.

55 . Van Wolferen, *The Enigma of Japanese Power*, p. 331; Benedict, *The Chrysanthemum and the Sword*, p. 96.

56 . Wilkinson, *Japan Versus the West*, p. 67.

57 . Interview with Masahiko Nishi, University of Ritsumeikan, Kyoto, November 2005.

58 . Racist adverts and books are not uncommon; for example, 'Mandom Pulls the Plug on Racist TV Commercial', *Japan Times*, 15 June 2005, and '"Sambo" Resurrectionists: What's Racist?', 16 June 2005 (concerning publication of *Little Black Sambo*).

59 . Van Wolferen, *The Enigma of Japanese Power*, pp. 265, 267; Frank Dikötter, ed., *The Construction of Racial Identities in China and Japan* (London: Hurst, 1997), p. 6.

60 . Yoshino, *Cultural Nationalism in Contemporary Japan*, pp. 22-9.

61 . Wilkinson, *Japan Versus the West*, p. 77.

62 . 'Forum Mulls Ways to Make Racial Discrimination Illegal Here', *Japan Times*, 2 July 2005; 'UN Investigator Tells Japan to Draft Law Against Racism', *Japan Times*, 13 July 2005.

63 . Bill Emmott, 'The Sun Also Rises', survey, *The Economist*, 8 October 2005, p. 6.

64 . Macfarlane, *Japan Through the Looking Glass*, pp. 224-5.

4 CHINA'S IGNOMINY

1 . This account is based on: Jonathan D. Spence, *The Search for Modern China*, 2nd edn (New York: W. W. Norton, 1999), pp. 121-3, 154-60; Julia Lovell, *The Great Wall: China against the World 1000 BC-AD 2000* (London: Atlantic Books, 2006), pp. 1-10; John King Fairbank and Merle Goldman, *China: A New History* (Cambridge, Mass.: Belknap Press of Harvard University Press, 2006), pp. 196-7; Alain Peyrefitte, *The Collision of Two Civilizations: The British Expedition to China in 1792-4* (London: Harvill, 1993), pp. 13, 76, 150-51, 291.

2 . Paul A. Cohen, *Discovering History in China: American Historical Writing on the Recent Chinese Past* (New York: Columbia University Press, 1984), p. 79.

3 . Ibid., pp. 81, 151-2; Huang Ping, '"Beijing Consensus", or "Chinese Experiences", or What?', unpublished paper, 2005, pp. 5-8; Zheng Yongnian, *Will China Become Democratic?: Elite, Class and Regime Transition* (Singapore: Eastern Universities Press, 2004), p. 85.

4 . Jacques Gernet, *A History of Chinese Civilization*, 2nd edn (Cambridge: Cambridge University Press, 1997), pp. 103-6; Jared Diamond, *Guns, Germs and Steel: A Short History of Everybody for the Last 13,000 Years* (London: Vintage, 1998), pp. 323; also pp. 413-16.

5 . Fairbank and Goldman, *China*, p. 61.

6 . Ibid., pp. 80, 114, 116, 120.

7 . Mark Elvin, *The Pattern of the Chinese Past* (London: Eyre Methuen, 1973), pp. 21-2.

8 . Fairbank and Goldman, *China*, p. 56.

9 . Mark Elvin, *The Pattern of the Chinese Past*, p. 93.

10 . Ibid., pp. 51, 106; Nicholas Ostler, *Empires of the Word: A Language History of the World* (London: HarperCollins, 2005), p. 171; for successive historical examples of this phenomenon, see Lovell, *The Great Wall*.

11 . Ostler, *Empires of the Word*, pp. 113-73, especiallypp. 116-17, 168-9.

12 . Gernet, *A History of Chinese Civilization*, pp. 14-15, 265-6; Fairbank and Goldman, *China*, pp. 168-9.

13 . Gernet, *A History of Chinese Civilization*, pp. 319-20.

14 . Fairbank and Goldman, *China*, pp. 89, 167-9; Maddison, *The WorldEcono- my: A Millennial Perspective* (Paris: OECD, 2006), p. 42.

15 . Quoted in Elvin, *The Pattern of the Chinese Past*, pp. 144-145. Also pp. 133-9.

16 . Ibid., pp. 176-7.

17 . Fairbank and Goldman, *China: A New History*, p. 88, also Chapter 4.

18 . Ibid., Chapter 4; Gernet, *A History of Chinese Civilization*, Chapters 14, 15.

19 . Elvin, *The Pattern of the Chinese Past*, pp. 198-9.

20 . Ibid., Chapter 15, especially pp. 331-41, 347-8; Fairbank and Goldman, *China*, pp. 88, 93-5, 101-2.

21 . Gernet, *A History of Chinese Civilization*, pp. 347-8.

22 . Elvin, *The Pattern of the Chinese Past*, pp. 203-4, 214-15, 222.

23 . Ibid., pp. 204-25; David S. Landes, *The Wealth and Poverty of Nations* (London: Little, Brown, 1998), pp. 93-8; Lovell, *The Great Wall*, pp. 183-4.

24 . Quoted in Elvin, *The Pattern of the Chinese Past*, p. 217.

25 . Gernet, *A History of Chinese Civilization*, pp. 326-9; Fairbank and Goldman, *China*, p. 93.

26 . Edward L. Dreyer, *Zheng He: China and the Oceans in the Early Ming Dynasty, 1405-1433* (New York: Pearson Longman, 2007), pp. 166-71.

27 . See Chapter 7.

28 . Fairbank and Goldman, *China*, pp. 168-9.

29 . Angus Maddison, *The World Economy: Historical Statistics* (Paris: OECD, 2003), p. 249.

30 . Quoted by Andre Gunder Frank, *ReOrient: Global Economy in the Asian Age* (Berkeley: University of California Press, 1998), p. 279. See Giovanni Arrighi, *Adam Smith in Beijing: Lineages of the Twenty-First Century* (London: Verso, 2007), pp. 25-6, 58-9, 69.

31 . R. Bin Wong, *China Transformed: Historical Change and the Limits of European Experience* (Ithaca and London: Cornell University Press, 2000), p. 27. ‘Until about 1800,’ argues Andre Gunder Frank, ‘the world economy

was by no stretch of the imagination European-centred nor in any significant way defined by or marked by any European-born “capitalism” - it was preponderantly Asian-based.’ Frank, *ReOrient*, pp. 276-7.

32 . Fairbank and Goldman, *China*, p. 180.

33 . Elvin, *The Pattern of the Chinese Past*, pp. 298-316; also, pp. 286-98.

34 . James Kynge, *China Shakes the World: The Rise of a Hungry Nation* (London: Weidenfeld and Nicolson, 2006), pp. 131-2.

35 . Elvin, *The Pattern of the Chinese Past*, pp. 314-15.

36 . Ibid., pp. 281-2; Bin Wong, *China Transformed*, pp. 34, 41-4, 49; Mark Elvin, ‘The Historian as Haruspex’, *New Left Review*, 52, July-August 2008, p. 96.

37 . Gernet, *A History of Chinese Civilization*, p. 53.

38 . Bin Wong, *China Transformed*, p. 76.

39 . It can also be argued that if, like Europe, China had been composed of a group of competitive nation-states, this would have made governance rather less forbidding and might also, at times, have stimulated greater innovation; Lucian W. Pye, *Asian Power and Politics: The Cultural Dimensions of Authority* (Cambridge, Mass.: Harvard University Press, 1985), p. 64.

40 . Bin Wong, *China Transformed*, p. 92.

41 . Lovell, *The Great Wall*, pp. 148-50.

42 . Michio Morishima, *Why Has Japan ‘Succeeded’: Western Technology and the Japanese Ethos* (Cambridge: Cambridge University Press, 1984), p. 12; Lovell, *The Great Wall*, pp. 148-9.

43 . Angus Maddison, *Chinese Economic Performance in the Long Run, Second Edition, Revised and Updated: 960-2030 AD* (Paris: OECD, 2007), pp. 24-6.

44 . Bin Wong, *China Transformed*, p. 96.

45 . Ibid., p. 97.

46 . Ibid., p. 96.

47 . Ibid., p. 97.

48 . Ibid., p. 99; quote is p. 97.

49 . Ruth Benedict, *The Chrysanthemum and the Sword: Patterns of Japanese Culture* (London: Secker and Warburg, 1947), p. 49.

50 . Bin Wong, *China Transformed*, p. 100.

51 . Ibid., p. 90.

52 . Fairbank and Goldman, *China*, pp. 40, 48; Karel van Wolferen, *The Enigma of Japanese Power: People and Politics in a Stateless Nation* (New York: Vintage, 1990), pp. 241-2.

53 . Peter Nolan, *China at the Crossroads* (Cambridge: Polity Press, 2004), pp. 134- 40.

54 . Ibid., pp. 130-34; Bin Wong, *China Transformed*, pp. 90-91.

55 . The nature of the tributary system, and its relationships, is discussed fully in Chapter 10.

56 . Ibid., pp. 93-5.

57 . Cohen, *Discovering History in China*, p. 16.

58 . Ibid., p. 18.

59 . Fairbank and Goldman, *China*, pp. 206- 12.

60 . Gernet, *A History of Chinese Civilization*, pp. 546-65;Spence, *The Search for Modern China*, pp. 171-80; Bin Wong, *China Transformed*, p. 155.

61 . Cohen, *Discovering History in China*, pp. 21, 29.

62 . Zheng Yangwen, '"Peaceful Rise of China" After "Century of Unequal Treaties"? How History Might Matter in the Future', pp. 2, 7, in Anthony Reid and Zheng Yangwen, eds, *Negotiating Asymmetry: China's Place in Asia* (Singapore: NUS Press, 2009); Suisheng Zhao, *A Nation-State by Construction: Dynamics of Modern Chinese Nationalism* (Stanford: Stanford University Press, 2004), p. 48. For good reason, in both Japan and China the treaties imposed by the foreign powers were known as the unequal treaties.

63 . Peter C. Perdue, *China Marches West* (Cambridge, Mass., Belknap Press of Harvard University Press, 2005), p. 554.

64 . Bin Wong, *China Transformed*, pp. 89, 154; Lucian W. Pye, *The Spirit of Chinese Politics* (Cambridge, Mass.: Harvard University Press, 1992), p. 234.

65 . Gernet, *A History of Chinese Civilization*, pp. 577-84.

66 . Spence, *The Search for Modern China*, p. 220.

67 . Ibid., p. 222; Gernet, *A History of Chinese Civilization*, p. 569.

68 . The missionaries attracted a great deal of hostility from the Chinese; Cohen, *Discovering History in China*, p. 45.

69 . The psychological and intellectual impact of the foreign presence on the Chinese population was profound; ibid., pp. 141-2.

70 . Fairbank and Goldman, *China*, pp. 227-9.

71 . Cohen, *Discovering History in China*, pp. 23-43; Gernet, *A History of Chinese Civilization*, pp. 566-74; Spence, *The Search for Modern China*, pp. 223-9; Zhao, *A Nation-State by Construction*, p. 53.

72 . Cohen, *Discovering History in China*, pp. 29-30.

73 . Ibid., pp. 22-4, 29-30, 32, 56-7; C. A. Bayly, *The Birth of the Modern World 1780-1914: Global Connections and Comparisons* (Oxford: Blackwell, 2004), p. 179; Gernet, *A History of Chinese Civilization*, pp. 590-98; Tong Shijun, 'Dialectics of Modernisation', Chapter 5, unpublished PhD, University of Bergen, 1994.

74 . Zheng Yongnian, *Will China Become Democratic?: Elite, Class and Regime Transition* (Singapore: EAI , 2004), p. 85.

75 . Cohen, *Discovering History in China*, p. 32.

76 . Gernet, *A History of Chinese Civilization*, pp. 626-33; Bin Wong, *China Transformed*, p. 164.

77 . Sun Shuyun, *The Long March* (London: HarperPress, 2006), for an account of this remarkable episode.

78 . Iris Chang, *The Rape of Nanking* (London: Penguin, 1998), Chapter 2, and pp. 215-25.

79 . Bin Wong, *China Transformed*, pp. 164, 170-73.

80 . Cohen, *Discovering History in China*, p. 135.

81 . Ibid., p. 132.

82 . Meghnad Desai, ‘India and China: An Essay in Comparative Political Economy’, seminar paper, Asia Research Centre, London School of Economics, 2003, p. 5; revised version available to download from www.imf.org.

83 . Cohen, *Discovering History in China*, p. 132; Bin Wong, *China Transformed*, p. 200; Lovell, *The Great Wall*, pp. 219, 242.

84 . Bin Wong, *China Transformed*, p. 259.

85 . Cohen, *Discovering History in China*, p. 144.

86 . Zhao, *A Nation-State by Construction*, p. 107.

87 . Fairbank and Goldman, *China*, Chapters 16, 17; Spence, *The Search for Modern China*, Chapters 17, 18; Gernet, *A History of Chinese Civilization*, Chapter 30.

88 . Zheng Yongnian, *Will China Become Democratic?* pp. 84-6.

89 . Zhao, *A Nation-State by Construction*, pp. 99, 108.

90 . Ibid., p. 117.

91 . Bin Wong, *China Transformed*, p. 193.

92 . Ibid., pp. 176, 262. Zhao, *A Nation-State by Construction*, p. 97.

93 . Wang Gungwu, ‘Rationalising China’s Place in Asia, 1800-2005: Beyond the Literati Consensus’, p. 5, in Reid and Zheng, *Negotiating Asymmetry*.

94 . Bin Wong, *China Transformed*, p. 194.

95 . Ibid., pp. 70, 194-7, 205.

96 . Wang Gungwu, ‘Rationalizing China’s Place in Asia’, in Reid and Zheng, *Negotiating Asymmetry*, p. 5.

97 . Zhao, *A Nation-State by Construction*, p. 119.

98 . Elvin, ‘The Historian as Haruspex’, pp. 89, 104.

99 . Gernet, *A History of Chinese Civilization*, p. 571.

100 . Ibid., pp. 603, 610-12.

101 . Ibid., pp. 578-9, 602-3.

102 . Ibid., pp. 612-13.

103 . Ibid., p. 613.

104 . Maddison, *The World Economy: A Millennial Perspective*, pp. 558, 562; see also pp. 548, 552.

105 . Maddison, *Chinese Economic Performance*, p. 70.

106 . Ibid., p. 552. See also Desai, 'India and China', p. 11.

107 . Maddison, *The World Economy: A Millennial Perspective*, p. 562.

108 . Ibid., pp. 552, 562.

109 . The Human Development Index (HDI) is an index combining measures of life expectancy, literacy, educational attainment and GDP per capita for countries worldwide. It is claimed as a standard means of measuring human development. It has been used by the United Nations Development Programme since around 1990.

110 . Desai, 'India and China', pp. 9-10.

111 . Bin Wong, *China Transformed*, p. 273.

5 CONTESTED MODERNITY

1 . Paul Krugman, *The Return of Depression Economics* (London: Allen Lane, 1999), pp. 16-17, 23.

2 . Ezra F. Vogel, *The Four Little Dragons: The Spread of Industrialization in East Asia* (Cambridge, Mass.: Harvard University Press, 1991), pp. 13, 42-3.

3 . Manuel Castells, *The Information Age: Economy, Society and Culture.* Vol. III, *End of Millennium* (Oxford: Blackwell, 1998), pp. 244-64.

4 . Angus Maddison, *The World Economy: Historical Statistics* (Paris: OECD, 2003), p. 260. These are average annual compound growth rates.

5 . World Bank, 'Will Resilience Overcome Risk? East Asia Regional Outlook', November 2007, posted on www.worldbank.org, p. 11. Poverty is defined as earning $2 per day or less.

6 . Danni Rodrik, *One Economics Many Recipes: Globalization, Institutions, and Economic Growth* (Princeton: Princeton University Press, 2007), pp. 18-20.

7 . Castells, *The Information Age: III, End of Millennium*, pp. 270-71.

8 . As S. N. Eisenstadt wrote: 'Most of the studies of modernization in general and of convergence of industrial societies in particular . . . stressed that the more modern or developed different societies [became], the more similar . . . they [would] become in their basic, central, institutional aspects, and the less the importance of traditional elements within them.' Cited in Paul A. Cohen, *Discovering History in China: American Historical Writing on the Recent Chinese Past* (New York: Columbia University Press, 1984), p. 78.

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PART II 6 CHINA AS AN ECONOMIC SUPERPOWER

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48 . M. Dujon Johnson, *Race and Racism in the Chinas* (Milton Keynes: Author-House, 2007), p. 94.

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52 . Kai-wing Chow, ‘Imagining Boundaries of Blood: Zhang Binglin and the Invention of the Han “Race” in Modern China’, in Dikötter, ed., *The Construction of Racial Identities in China and Japan*, p. 48; also p. 44.

53 . Sautman, ‘Myths of Descent’, pp. 79-80; Lucian W. Pye, *Asian Power and Politics: The Cultural Dimensions of Authority* (Cambridge, Mass.: Harvard University Press, 1985), pp. 80-81, 196, 329.

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80 . Harrell, *Cultural Encounters on China's Ethnic Frontiers*, p. 23.

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to feel as strongly about this separatism over the millennia as the Han' (*To Open Minds* (New York: Basic Books, 1989), p. 130). Colin Mackerras suggests: 'Many Chinese care little for the minorities, let alone their cultures, and tend to look down on them' ('What is China?', p. 221). Lucian Pye writes: 'The most pervasive underlying Chinese emotion is a profound, unquestioned, generally unshakeable identification with historical greatness . . . This is all so-evident that they are hardly aware when they are being superior to others' (*The Spirit of Chinese Politics* (Cambridge, Mass.: Harward University Press, 1992), p. 50). Chen Kuan-Hsing warns: 'Han Chinese racism will be a regional, if not global, problem' ('Notes on Han Chinese Racism').

92 . www.malaysiakini.com/letters/33156 also 33115. Other discussions include: http://shanghai.asiaxpat.com/forums/speakerscorner/threads/65529.asp; http:www.chinahistoryforum.com/index.php?s=982bfbe08a75508b7a9de815588c6f12&showtopic=9760&st=15&p=4788117&#entry4788117.

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101 . www.harinderveriah.com/articles.html.

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106 . Ibid., pp. 76-7.

107 . Dikötter, *The Discourse of Race in Modern China*, p. 194.

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109 . Johnson, *Race and Racism in the Chinas*, pp. 48, 50, 71.

110 . *New York Times*, 19 January 1989, cited by Johnson, *Race and Racism in the Chinas*, p. 46.

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10 CHINA AS A RISING GLOBAL POWER

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Index

Bold *numbers indicate figures, maps and tables.*

1911 Revolution

aerospace
Africa
  overseas Chinese
Africans
agriculture
  China
  farming population in East Asia
  Japan
  shares of GDP
Air China
Airbus
aircraft market
American financial crisis *see* credit crunch
Amity and Cooperation, Treaty of
ancestral spirits
anti-Han riots, Lhasa
anti-Japanese demonstrations
art
ArtPrice ranking
ASEAN
ASEAN- China Free Trade Area (ACFTA)
ASEAN Free Trade Area (AFTA)
Asia*see also* individual countries and regions
Asian Financial Crisis

Asian Monetary Fund
Asian tigers
  characteristics of
  democracy
  rise of
Australia
authoritarianism
automobile market
autonomous regions
The Autumn Banquet

Bairoch, Paul
Balkanized system
banking system
barbarians
basketball
Bayly, Christopher
Beijing
Beijing Conventions
Beijing Olympics
Beijing summit (2006)
Benedict, Ruth
Bird’s Nest
Bo Yang
Boxer Uprising
Boyd, Robert
Brazil
Bretton Woods
British cuisine
Buddhism
bureaucratic elites
Bush administration
Bush, George W.

Callahan, William A.
car market
Carrefour
Caucasians
CCTV
century of humiliation
Chang, K.C.
Chen Kuan-Hsing
Chen Shui-bian
Chery
Chiang Kai-shek
Chiang Mai Initiative
China Investment Corporation
Chinalco
Chinese attitude, to the world
Chinese citizens abroad
Chinese cuisine
Chinese diaspora *see also* overseas Chinese
Chinese firms *see also* state enterprises
Chinese hegemony
  attitude to the world
  culture
  economy
  geopolitical shifts
  racial order
  shared history
  values and education
Chinese identity
  civilization-state *see* civilization-state
  as a continental system
  as a developed and developing country
  early emergence of
  reinforced by foreign occupation
Chinese (language)
  Mandarin

Chinese migration *see* overseas Chinese
Chinese modernity
  emergence of
  characteristics of
Chinese overseas direct investment
Chinese traditional medicine
Chow, Kai-wing
Christian Dior
Citic Securities
cities
citizenship, notion of
civilization-state
Cixi, Empress Dowager
class structure
clean-technology innovations
climate change
clothing
CNPC
CO_2 emissions
coal
Cohen, Paul
Cold War
colonialism
colonization
  role in industrialization
Comme des Garçons
commodities
  consumption
  exports from Africa
  prices
Communism
Communist Party
  1949 Revolution
  political directions
  political reform

race and class
ruling system
Confucianism
and Communism
and democracy
and education
harmony
influence on Asian nations
and politics
and reforms
on rulers and families
Confucius
Confucius Institutes
consumer goods, falling price
cooked barbarians
corruption
cotton
credit crunch
cricket
Crystal, David
Cultural Revolution
Curtin, Michael
Cwiertka, Katarzyna

da zhongguo
da zhonghua
daimyo
Dakar, Senegal
Dalai Lama
decentralization
Declaration on the Conduct of Parties in the South China Sea
decolonization
deforestation
deindustrialization

democracy
  Greek influence
Democratic Progressive Party (DPP), Taiwan
Deng Xiaoping
  on economic development
  international system
  ‘Southern Expedition’
dependency theory
depoliticization
depressions*see also* economic recession
developed world *see* the West
developing world
  China as
  rise of
  and the West
Diamond, Jared
Diaoyu/Senkaku islands
Dikötter, Frank
Ding Xueliang
dollar
domestic/corporate savings
Dreyer, Edward
drugs

East Asia
  and China *see* regional pre-eminence democracy Japan’s attitude to
  racism
  Sino-US relation in
  spread of Mandarin
East Asia modernity
  cultural characteristics
  nature of
  rise of
  speed of

Western influence *see* Westernization
Western view of
East Asian Economic Caucus
East Asian Free Trade Area
East India Company
ecological deficit
economic recession*see also* depressions
Edo (laterTokyo)
education
Confucian classics
expenditure
in family
language teaching
overseas Chinese
reforms
on science and technology
strengths
universities
value of
elites
Elvin, Mark
employment, in European industry
energy security strategy (2007)
English (language)
dominance of

presence in East Asia
potential decline
Enlightenment principles
environmental awareness
ethnic minorities *see also* individual groups
euro
Europe
and China

decline of
diaspora
and the international system
and modernity *see* modernity
multi-state system
overseas empires
share of world population
and United States
European embargo
European exceptionalism
European Union
evolution

Fairbank, John K.
family systems
farmers, land rights
farming population
fashion industry
fast-food restaurants
Fausett, Bret
Ferguson, Niall
feudal system
filial piety
Filipinas
film industry
financial crisis *see also* Asian Financial Crisis; credit crunch
foreign direct investment
to Africa
to China
from China
Fortune Top
France
Friedman, Thomas
Fukuyama, Francis

G20
G8
Gao Rui-qian
Gardner, Howard
Garver, John
Geely
gender
Germany
Gernet, Jacques
Giddens, Anthony
Gilley, Bruce
gimu
Gin, Katherine
giri
global GDP, China’s share
global history
global trade *see* international trade
global warming
globalization
  Western view of
‘Going Global’
golf
good governance
government
  function of
  nature of
Gramsci, Antonio
Grand Canal
Gray, John
Great Wall
Greater China
Greek civilization
growth sustainability
Guangdong province
Guangzhou

Hainan Province
Han Chinese
  invention of
  myth of
  resettlement
  in Tibet
Han dynasty (BC-AD)
Hangzhou
harmonious society
Harrell, Stevan
health services
Heaven, concept of
hegemony*see also* Chinese hegemony; United States, hegemony
Henan province
Hevi, Emmanuel
Historical Records (Sima Qian)
Hobsbawm, Eric
Hollywood
homogeneity
Hong Kong
  democracy
  direct investment in mainland
  languages
  process of modernization
  public opinion
  racism
  renminbi in
  superstitious customs
  taken by British
  transfer of sovereignty
  Westernization
Hu Angang
Hu Jintao
Hu Yaobang
Huang Ping

Human Development Index (HDI)
human race, evolution of
human rights
Hung Tze Jan
hyper-modernity

Ikenberry, John
IMF
imperial examination system
imperial family, Japanese and Chinese
imperial state system
income per capital
India
  and China
  clothing
  colony economy
  cricket
  democracy
  as megastate
  population
  shares of global GDP
Indian Premier League
individualism
Indonesia
  China’s impact
  farming population
  languages
  overseas Chinese
industrial employment, in Europe
Industrial Revolution
industrialization *see* modernity
inequality, in China
Inner Mongolia
interest groups

internal wars, in Europe
international financial system
international gold standard system
international system *see also* tributary system; Westphalian system
international trade
  East Asia
  in Ming dynasty
  in Song dynasty
internet
inventions
Iran
Iraq
Japan
  agriculture
  and ASEAN
  and China
  clothing
  democracy
  distinctiveness of
  and East Asia n
  food
  modernity
  overseas Chinese
  population
  racial terms
  rise/fall of

  Tokugawa era
Japanese firms
Japanese (language)
Jiang Zemin
Jin Guantao
Jin Jing
Johnson, M. Dujon
Johnston, Alastair Iain

Kagan, Robert
Kang, David
Kang Youwei
Kennedy, Paul
Kentucky Fried Chicken stores
kimono
kinship relations
Koizumi, Junichiro
Korea
Korean (language)
kowtow
Krauthammer, Charles
Kuala Lumpur
Kuomintang *see* Nationalist Party
Kuwait
Kynge, James
Kyoto Protocol
labour force
labour law
labour-saving machinery
Landes, David
language
  internet
  writing system
Latin America
Lee Teng-hui
Lenovo
Leong, Evan
Leverett, Flynt
Levine, Steven I.
Lhasa
Liberal Democrats, in Japan
Lin Yifu, Justin
Liu Xiaobo
Liu Xiaodong

London Metropolitan University
London Olympics
Lu Liang
LVMH

Ma Ying-jeou
Macartney, Lord George
Macfarlane, Alan
Mackerras, Colin
Maddison, Angus
Mahathir Mohamad
Major, John S.
Malaysia
  and China
  clothing
  overseas Chinese
  population
  Westernization
Manchus
Mandarin
mandate of Heaven
Mann, James
Mao-Nixon rapprochement
Mao suit
Mao Zedong
maritime prowess
maritime sovereignty
maritime voyages *see also* Zheng He
martial arts
‘mass incidents’
Mbeki, Moeletsi
McCain, John
McDonald’s stores
media industries

medicine
Mei Ling
Meiji Restoration
Mencius
Menzies, Gavin
merchants
Mexico
Middle East
Middle Kingdom mentality
Milan
military expenditure
  China
  Europe
  global distribution
  United States
military strength
mineral reserves
Ming dynasty (1368-1644)
models
modernity
  Chinese model *see* modernization, China
  concept of
  contested modernity
  and culture
  and democracy
  East Asia model *see* East Asia modernity
  indigenous nature
  Japanese model
  types of
  Western style
modernization, China
  distinctive characteristics
  emergence of
  environmental dilemma
  failure of

foundations of
global economic impact
process of
prospect of
sustainability
technological aspect
modernization theory
modular production
Mongols
moral instruction
Myanmar

Nakane, Chie
Nanjing Massacre
Nanjing, Treaty of
nation-state
national economies
national sovereignty
nationalism, in China
Nationalist Party
natural resources *see also* coal; oil
Africa’s concern
consumption
lack of
Russia’s concern
NBA
neo-conservatives
neo-liberalism
New York
New Zealand
nihonjinron
Nolan, Peter
non-agricultural labour force
North-East Asia

North Korea
nuclear family
Nye, Joseph

Obama, Barack
Oh, Richard
oil
  consumption
  imports
  interests in Russia
  investment in industry
Olympic Games
‘one country, two systems’
Opium War, First
Oshikango, Namibia
overseas aid
overseas Chinese
  in Africa
  government’s policy
  in Malaysia
  in Russian Far East
  in United States
overseas investment *see* foreign direct investment

Pakistan
Pan Wei
Panchen Lama
parenting
paternalism
patriotism
Patten, Chris
Peking Man

Perdue, Petern
Peru
Peugeot Citroën
Philippines
physical appearance
Pizza Hut restaurants
political reform
political stability
politics
  future directions
  nature of
pollution
Polo, Marco
polygenism
Pomeranz, Kenneth
popular accountability
popular sovereignty
population
  in China
  in East Asia countries
  farming
  loss and decline
  world population shares
post-bubble crisis
poverty-reduction
Project for the New American Century
protectionism
provinces
public opinion
  on Chinese military power
  on living standard
  in Taiwan
Pudong, Shanghai
pugilistic traditions

Pye, Lucian

Qianlong, Emperor
Qin dynasty (221-206 BC)
Qin Shihuang
Qing dynasty (1644-1912)
  identity crisis
  racism
  territorial expansion
  tributary system
Qing Ming Festival
qipao
race riots
races *see also* Han Chinese
racism *see also* homogeneity
raw barbarians
raw materials *see also* commodities
regional pre-eminence
  China and East Asia *see also* tributary system
  China and Japan
  China and Taiwan
  China and United States
  concept of sovereignty
  multilateralism
  reconfiguration of power
religion renminbi
  and euro
  implications of liberalization
  as non-tradable currency
  as reserve currency
research and development
resource-intensive growth
‘reverse racism’
Rice, Condoleezza

rice cultivation
Richerson, Peter J.
right to vote
Roberts, J. M.
Rogoff, Kenneth
Rudd, Kevin
rule of law
rural migrant workers
rural reform
Russia

samurai
San Francisco
Sarkozy, Nicolas
Saudi Arabia
science and technology
scientific publications
Senkaku/Diaoyu islands
sense of guilt
Shambaugh, David
Shandong province
Shanghai
Shanghai Cooperation Organization (SCO)
Shanghai Electric
Shanghai Five
Shenzhen
Shi Yinhong
Shimonoseki, Treaty of
Shintaro, Ishihara
ships
Sichuan province
Singapore
Sino-Japanese War
Sinocentrism *see* Middle Kingdom mentality

skin colour
Smith, Adam
Song dynasty (AD 960-1279)
South Asia
South China Sea
South-East Asia *see also* ASEAN
South Korea
  farming population
  identity
  Mandarin learning
  Students in China
  urban population
sovereign wealth funds
Soviet Union
special economic zones
sports
Spratly and Paracel islands
state enterprises
state sovereignty
Steel, Valerie
steppe nomads
Su Xiaokang
suffrage
Sugihara, Kaoru
suicide
Sun Yat-sen
Sun Zi
superstitious customs

surveillance system
sustainability, of growth

Taipei

Taiping Uprising
Taiwan
  China’s attitude to
  farming population
  modernity
  public opinion
  superstitious customs
  Taiwanese identity
  urban population
Tang, David
Tang dynasty (618-907)
Tang Shiping
Taoism
Tata Nano
tax reforms
TCL
tea culture
technocratic class
technology transfer
Temasek Holdings
tennis
Terracotta Army
territorial expansion
terrorism
Thailand
Therborn, Göran
Tianjin, Treaty of
Tibet
‘time-compression societies’

Tokugawa era
Tokyo (former Edo)
tolerance
tourism

trade unions
Treaty of Nanjing
tributary system
Tu Wei-ming
Tung Chee-hwa

UN peacekeeping operations, Chinese troops
unequal treaties
United Kingdom
  and China
  colonization
  decline of
  industrial employment
  Industrial Revolution
  Mandarin teaching
  overseas Chinese
  racism
  share of world population
  urban population
United States
  and Africa
  and Australia
  and China
  colonized/colonies
  decline
  and East Asia
  economic strength

  and Europe
  foreign policies
  hegemony
  human rights debate
  importation of investment
  and India

industrial employment
insularity
and the international system
and Japan
Mandarin teaching
and Middle East
overseas Chinese
population
rise of
self perception
understanding of
universities
United States Africa Command
unity
universalism
universities
urban population
urbanization
US dollar
US National Intelligence Council report
US Treasury bonds

values
Veriah, Harinder
Vietnam
Vietnamese (language)
village election

Wang Gungwu
Wang Xiaodong
war on terror
waterway systems

Wen Jiabao
Wen Yudio
the West
  concept of
  decline of
  and the developing world
  share of world population
  view on Asia modernity
  view on China
Westernization
  food
  language
  physical appearance
  politics and power
Westphalian system
wet rice farming
Wolferen, Karel van
Wong Bin
workplace
World Bank
world history
writing system
WTO

Xinjiang
Xu Zongheng
Xuchang Man

Yan Xuetong
Yang Qingqing
Yangzi Delta
Yangzi river

Yasukuni Shrine
Yellow Emperor (Huang Di)
yellow races
Yoshino, Kosaku
Yu Yongding
Yuan dynasty (1279-1368)
Yuan Shih-kai
Yukichi, Fukuzawa

Zambia
Zhang Qingli
Zhang Taiyan
Zhang Wei-Wei
Zhang Xiaogang
Zhang Yimou
Zhang Yin
Zhang Yunling
Zhang Zhidong
Zhao Suisheng
Zhao Ziyang
Zheng He
zhongguo
Zhou dynasty (1100-256 BC)
Zhou Enlai
Zhu Feng
Zhu Rongji
Zi Zhongyun
Zimbabwe

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